

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 113

Responding Witness: Kent W. Blake

- Q-113. Identify each KU and parent company Board committee. Provide a copy of the KU and parent company Board committee meeting minutes for 2015 and 2016.
- A-113. None.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 114

Responding Witness: Daniel K. Arbough

- Q-114. List all procedures the Company follows to ensure that there was a proper assignment of costs to the test year and that the test year only includes charges incurred during the test period.
- A-114. See Filing Requirement Section 16(7)(c) and pages 2 through 7 of my direct testimony where the business planning process is described. This process ensures the proper assignment of charges in the correct period.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 115

Responding Witness: Valerie L. Scott

- Q-115. Provide a copy of each adjusting entry proposed by the Company's independent Auditors in the two most recent audits of the Company, the parent company, and the affiliated service company. Include supporting documentation.

- A-115. See the attachment for adjusting entries proposed by the Company's independent auditors for the two most recent audits of KU and LKE. No stand-alone audit is performed for the service company.

Communication schedule for uncorrected misstatements

Entity: LG&E and KU Energy LLC Period Ended: 31-Dec-2015 Currency: USD

Uncorrected misstatements		Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period	
No.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable
	(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable		
Factual misstatements:											
1	Understatement of ECR regulatory asset										
	Electric utility revenues									(5,191,000)	
2	Overstatement of Municipal true-up regulatory liability										
	Electric utility revenues									(4,820,000)	
3	Overstatement of DSM revenues										
	Electric utility revenues									2,299,000	
4	Overstatement of construction work in progress										
	Accounts payable			2,513,000							
	Construction work in progress		(2,513,000)								
Total of uncorrected misstatements before income tax		0	(2,513,000)	2,513,000	0	0	0	0		(7,712,000)	
Uncorrected misstatements in income tax (current and deferred):											
4	Recording of valuation allowance on tax credit carryforwards										
	Income tax expense										3,109,000
Total of uncorrected misstatements		0	(2,513,000)	2,513,000	0	0	0	0		(4,603,000)	
Financial statement amounts		765,000,000	13,325,000,000	(967,000,000)	(8,606,000,000)	(4,517,000,000)			364,000,000		344,000,000
Effect of uncorrected misstatements on F/S amounts		0.0%	0.0%	-0.3%	0.0%	0.0%					
Memo: Total of non-taxable items (marked 'X' above)											0
Uncorrected misstatements before income tax							0.0%	0		(7,712,000)	
Less: Tax effect of misstatements at current year marginal rate							39%	0		2,999,968	
Uncorrected misstatements in income tax								0		3,109,000	
Cumulative effect of uncorrected misstatements after tax but before turnaround							0.0%	0		(1,603,032)	
Turnaround effect of prior period uncorrected misstatements											
All factual and projected misstatements:								After tax		Memo: Before tax	
Judgmental misstatements:								1,603,032		7,712,000	
Cumulative effect of uncorrected misstatements, after turnaround effect							0.4%	1,603,032			
Current year income before tax								603,000,000			
Current year income after tax								364,000,000			

Communication schedule for uncorrected misstatements

Entity: Kentucky Utilities Period Ended: 31-Dec-2015 Currency: USD

No.	Account (misstatements are recorded as journal entries with a description)	Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period			
		Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable		
		Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable				
Factual misstatements:													
1	Understatement of ECR regulatory asset Electric utility revenues											(3,200,000)	
2	Overstatement of Municipal true-up regulatory liability Electric utility revenues											(4,820,000)	
3	Overstatement of DSM revenues Electric utility revenues											1,152,000	
4	Understatement of intercompany payable for jointly owned asset expenses Other operation and maintenance Accounts payable with affiliates										12,000,000		12,000,000
5	Overstatement of construction work in progress Accounts payable Construction work in progress						1,533,000						
	Total of uncorrected misstatements before income tax	0	0	(13,533,000)	1,533,000	0	0	0	0	12,000,000			5,132,000
	Total of uncorrected misstatements	0	0	(13,533,000)	1,533,000	0	0	0	0	12,000,000			5,132,000
	Financial statement amounts	396,000,000	7,615,000,000	(325,000,000)	(4,399,000,000)	(3,287,000,000)				234,000,000			220,000,000
	Effect of uncorrected misstatements on F/S amounts	0.0%	0.0%	4.2%	0.0%	0.0%							
	Memo: Total of non-taxable items (marked 'X' above)									0			0
	Uncorrected misstatements before income tax						3.2%	12,000,000					5,132,000
	Less: Tax effect of misstatements at current year marginal rate						39%	(4,668,000)					(1,996,348)
	Uncorrected misstatements in income tax							0					0
	Cumulative effect of uncorrected misstatements after tax but before turnaround						3.1%	7,332,000					3,135,652
	Turnaround effect of prior period uncorrected misstatements												
	All factual and projected misstatements:									After tax			Memo: Before tax
	Judgmental misstatements:									(3,135,652)			(5,132,000)
	Cumulative effect of uncorrected misstatements, after turnaround effect						1.8%	4,196,348					0
	Current year income before tax									374,000,000			
	Current year income after tax									294,000,000			

Communication schedule for uncorrected misstatements

Entity: LG&E and KU Energy LLC

Period Ended: 31-Dec-2014

Currency: USD

Uncorrected misstatements		Analysis of misstatements Debit/(Credit)								Income statement effect of the prior period		
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period			
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Non taxable	Prior period Debit/(Credit)	Non taxable
Factual misstatements:												
1		Understatement of bonus accrual										
		Operation and maintenance expense									1,307,000	
		Taxes, other than income									62,000	
2		Understatement of ECR regulatory asset										
		Regulatory assets	5,191,000									
		Electric utility revenues							(5,191,000)			
3		Reclass of long-term portion of prepaid contracts										
		Other noncurrent assets		2,423,000								
		Prepayments	(2,423,000)									
Total of uncorrected misstatements before income tax			2,768,000	2,423,000	0	0	0	0	(5,191,000)		1,369,000	
Uncorrected misstatements in income tax (current and deferred):												
4		Recording of valuation allowance on DTA credit carryforwards										
		Income tax expense								3,109,000		
		Deferred income taxes				(3,109,000)						
Total of uncorrected misstatements			2,768,000	2,423,000	0	(3,109,000)	0	0	(2,082,000)		1,369,000	
Financial statement amounts			956,000,000	12,440,000,000	(2,245,000,000)	(6,903,000,000)	(4,248,000,000)		344,000,000		347,000,000	
Effect of uncorrected misstatements on F/S amounts			0.3%	0.0%	0.0%	0.0%	0.0%					
Memo: Total of non-taxable items (marked 'X' above)									0		0	
Uncorrected misstatements before income tax									-0.9%	(5,191,000)	1,369,000	
Less: Tax effect of misstatements at current year marginal rate									39%	2,019,299	(532,541)	
Uncorrected misstatements in income tax										3,109,000	0	
Cumulative effect of uncorrected misstatements after tax but before turnaround									0.0%	(62,701)	836,459	
Turnaround effect of prior period uncorrected misstatements												
All factual and projected misstatements:										(836,459)	(1,369,000)	
Judgmental misstatements:										0	0	
Cumulative effect of uncorrected misstatements, after turnaround effect									-0.3%	(899,160)		
Current year income before tax										553,000,000		
Current year income after tax										344,000,000		



Communication schedule for uncorrected misstatements

Entity: Kentucky Utilities

Period Ended: 31-Dec-2014

Currency: USD

Uncorrected misstatements			Analysis of misstatements Debit/(Credit)							Income statement effect of the prior period		
No.	W/P ref.	Account	Assets Current	Assets Non-current	Liabilities Current	Liabilities Non-current	Equity components	Effect on the current period OCI	Income statement effect of the current period		Prior period Debit/(Credit)	Non taxable
		(misstatements are recorded as journal entries with a description)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)	Debit/(Credit)		
Factual misstatements:												
1		Understatement of bonus accrual										
		Operation and maintenance expense									419,000	
		Taxes, other than income									32,000	
2		Understatement of ECR regulatory asset										
		Regulatory assets	3,200,000									
		Electric utility revenues							(3,200,000)			
Total of uncorrected misstatements before income tax			3,200,000	0	0	0	0	0	(3,200,000)		451,000	
Total of uncorrected misstatements			3,200,000	0	0	0	0	0	(3,200,000)		451,000	
Financial statement amounts			459,000,000	7,256,000,000	(805,000,000)	(3,704,000,000)	(3,206,000,000)		220,000,000		228,000,000	
Effect of uncorrected misstatements on F/S amounts			0.7%	0.0%	0.0%	0.0%	0.0%					
Memo: Total of non-taxable items (marked 'X' above)									0		0	
Uncorrected misstatements before income tax									-0.9%	(3,200,000)	451,000	
Less: Tax effect of misstatements at current year marginal rate									39%	1,244,800	(175,439)	
Uncorrected misstatements in income tax										0	0	
Cumulative effect of uncorrected misstatements after tax but before turnaround									-0.9%	(1,955,200)	275,561	
Turnaround effect of prior period uncorrected misstatements												
									After tax	Memo: Before tax		
All factual and projected misstatements:									(275,561)	(451,000)		
Judgmental misstatements:									0	0		
Cumulative effect of uncorrected misstatements, after turnaround effect									-1.0%	(2,230,761)		
Current year income before tax										355,000,000		
Current year income after tax										220,000,000		



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**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 116

Responding Witness: Valerie L. Scott

- Q-116. Provide a copy of the Company's (and the parent company's) two most recent management letters and recommendations received from the Company's independent auditors.
- A-116. The Company has not received management letters or recommendations from the Company's independent auditors for at least the last fourteen years.

KENTUCKY UTILITIES COMPANY

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Question No. 117

Responding Witness: Robert M. Conroy

Q-117. Provide a copy of the Company's most recent management and operations audit.

A-117. On September 14, 2011 the PSC issued the Final Audit Report on the Focused Management and Operations Audit of Louisville Gas and Electric Company's and Kentucky Utilities Company's customer service functions. Below is the link to the final report.

http://psc.ky.gov/agencies/psc/M_Audit/KU%20LGE%20Final%20Report%20with%20Letter.pdf

On November 10, 2011 the PSC issued the Management Audit Action Plans regarding the aforementioned management audit. Below is the link to the Action Plans.

http://psc.ky.gov/agencies/psc/M_Audit/LGE_KU_CS_Audit_Action_Plan_Final.pdf

On January 14, 2015 the PSC issued a press release which stated that all recommendations had been completed. Below is the link to the press release.

http://psc.ky.gov/agencies/psc/press/012015/0114_r01.PDF

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Question No. 118

Responding Witness: Robert M. Conroy

Q-118. Have there been any independent audits or regulatory commission sponsored reviews done of KU in 2015 or 2016? If so, identify each such review and provide a copy of the related reports and testimony.

A-118. No.

KENTUCKY UTILITIES COMPANY

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Question No. 119

Responding Witness: Christopher M. Garrett

Q-119. Indicate whether and how check-clearing time was included in the revenue or expense lag calculations in the lead-lag study. If included in the study, indicate the number of days it added to the lead or lag by category.

A-119. See the response to Question No. 18.

KENTUCKY UTILITIES COMPANY

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**Response to Attorney General's Initial Data Requests for Information
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Question No. 120

Responding Witness: Christopher M. Garrett

Q-120. If check-clearing time was not included in the revenue or expense lag calculations in the lead-lag study, indicate the number of days between the receipt of a customer's payment and the time the Company has use of the funds. Also, provide an estimate of the number of days after a check mailed to a vendor is reduced from the Company's bank account. If the number of days varies by type of expense or vendor, indicate those differences if known. Indicate any payments made by wire (in total by expense category).

A-120. See the response to Question No. 18.

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**Response to Attorney General's Initial Data Requests for Information
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Question No. 121

Responding Witness: Christopher M. Garrett

- Q-121. Indicate whether tax payment lead days are calculated on actual or statutory percentages and payment dates in the cash working capital calculation.
- A-121. See the response to Question No. 18.

KENTUCKY UTILITIES COMPANY

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**Response to Attorney General's Initial Data Requests for Information
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Question No. 122

Responding Witness: Christopher M. Garrett

Q-122. Indicate whether in the cash working capital calculation, the payroll expense lead day result is based upon a composite of the separate net wage lag and withholding deposit period lag, or whether it is based on the single lag associated with gross wages (i.e., middle of pay period to payroll date).

A-122. See the response to Question No. 18.

KENTUCKY UTILITIES COMPANY

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**Response to Attorney General’s Initial Data Requests for Information
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Question No. 123

Responding Witness: John P. Malloy

Q-123. Indicate the average period of time between rendering of service to customers to meter reading date (by type of customer if different), meter reading to billing date, and billing date to receipt of payment for Kentucky jurisdictional customers, if known; otherwise for total company if known

A-123. See the tables below.

KU Average Billing Dates in Period

Customer Type	2016 Average Calendar Days
Commercial	30.0
Industrial	29.9
Public Authority	30.0
Residential	29.7
Wholesale Municipal	30.5

KU Meter Reading to Billing Date

Customer Type	2016 Average Calendar Days
Commercial	4.5
Industrial	3.9
Public Authority (1)	16.6
Residential	2.0
Wholesale Municipal (2)	13.3

- (1) Most Public Authority are on collective or summary billing. This explains the increased number of days.
- (2) Wholesale Municipal invoices are generated as estimated at the beginning of the month and then are trued up for actual fuel values tabulated each month. This delays the actual bills for a couple weeks. This is contractual process.

The billing date to payment receipt is not tracked by customer type. The 2016 KU including ODP average billing date to payment is 28.2 calendar days.

KENTUCKY UTILITIES COMPANY

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**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 124

Responding Witness: Valerie L. Scott

- Q-124. Provide for each month from December 2014 to the present, the following information:
- a. Monthly revenues
 - b. Accounts receivable
 - c. Allowance for Doubtful Accounts
 - d. Accounts receivable (aging and amounts) net of uncollectibles.
- A-124. a. – d. See attached.

Kentucky Utilities Company

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Summary of Kentucky Jurisdictional Monthly Revenues, Accounts Receivable, Allowance for Doubtful Accounts and AR Aging Net of Uncollectibles

Month	1 Open 0 - 30 Days	2 Open 31 - 60 Days	3 Open 61 - 90 Days	4 Open 91 - 120 Days	5 Open 121 - 365 Days	6 Open 365+ Days	1 + 2 + 3 + 4 + 5 + 6 = 7 Total Accounts Receivable	8 Total Uncollectibles	7 - 8 = 9 Total Accounts Receivable Net of Uncollectibles	10 Monthly Revenues	11 Allowance for Doubtful Accounts
	(d)	(d)	(d)	(d)	(d)	(d)	(b)	(d)	(d)	(a)	(c)
December 2014	\$ 92,142,788	\$ 7,972,806	\$ 994,730	\$ 631,122	\$ 1,161,868	\$ 170,336	\$ 103,073,648	\$ 511,629	\$ 102,562,020	\$ 131,296,098	\$ (1,979,625)
January 2015	113,123,480	11,968,620	1,318,420	481,697	1,159,390	137,664	128,189,271	403,082	127,786,189	143,864,046	(2,005,991)
February 2015	120,875,361	11,121,425	1,557,691	488,335	926,617	147,889	135,117,318	413,145	134,704,173	144,262,034	(2,177,738)
March 2015	111,468,383	10,848,352	2,057,028	686,479	793,247	145,159	125,998,648	492,763	125,505,884	123,985,617	(2,387,280)
April 2015	94,526,516	9,301,769	2,231,030	1,049,319	913,811	143,956	108,166,400	197,130	107,969,270	105,760,913	(2,288,491)
May 2015	78,803,419	10,895,405	2,082,219	1,312,338	1,434,790	135,105	94,663,276	(1,801)	94,665,077	115,347,202	(2,081,949)
June 2015	93,337,123	4,739,253	791,770	1,305,426	2,183,210	134,302	102,491,083	230,081	102,261,002	123,152,857	(1,953,631)
July 2015	99,457,769	11,000,818	649,934	617,827	2,509,224	125,524	114,361,096	532,222	113,828,874	136,279,454	(1,887,025)
August 2015	93,805,191	14,050,577	824,120	378,316	2,209,351	115,712	111,383,266	641,024	110,742,242	135,511,170	(1,875,176)
September 2015	99,010,182	6,598,829	827,822	436,079	1,447,955	109,139	108,430,005	995,982	107,434,023	124,408,718	(1,982,564)
October 2015	84,286,900	7,170,089	877,350	506,426	986,116	114,293	93,941,175	561,973	93,379,202	110,909,828	(1,910,563)
November 2015	82,193,247	8,270,221	932,439	552,118	1,016,069	105,438	93,069,531	47,984	93,021,547	109,777,959	(1,649,618)
December 2015	82,155,467	10,833,999	970,003	553,522	1,102,340	99,692	95,715,023	229,777	95,485,246	116,778,353	(1,603,044)
January 2016	95,919,102	8,506,698	5,669,161	488,482	1,118,525	99,726	111,801,694	658,084	111,143,610	150,117,440	(1,699,253)
February 2016	109,852,912	9,787,605	1,321,434	450,621	840,371	86,662	122,339,605	271,016	122,068,589	129,936,808	(1,751,898)
March 2016	93,846,416	10,188,849	1,675,390	486,530	741,159	101,539	107,039,883	320,848	106,719,035	113,171,958	(1,838,048)
April 2016	84,010,111	7,723,703	1,926,447	766,061	676,139	86,174	95,188,635	160,622	95,028,013	109,824,991	(1,818,550)
May 2016	76,962,475	5,985,450	1,406,793	1,095,138	1,024,242	131,026	86,605,124	50,040	86,555,084	110,891,622	(1,670,161)
June 2016	84,718,920	4,464,940	953,917	817,257	1,507,382	131,190	92,593,607	174,850	92,418,757	131,829,134	(1,595,563)
July 2016	103,977,049	7,624,368	1,035,299	546,285	1,702,016	125,681	115,010,696	311,334	114,699,362	140,977,565	(1,508,583)
August 2016	101,812,411	6,899,792	895,002	392,904	1,392,485	109,755	111,502,350	740,402	110,761,948	142,954,752	(1,609,258)
September 2016	107,885,454	7,657,165	914,373	517,747	1,086,563	100,723	118,162,025	453,476	117,708,549	125,609,634	(1,584,249)
October 2016	82,985,766	10,812,635	1,065,276	611,251	964,212	99,385	96,538,524	247,053	96,291,471	110,614,499	(1,448,722)
November 2016	81,163,531	6,352,775	1,136,823	683,595	1,071,107	101,715	90,509,545	89,918	90,419,627	111,326,549	(1,364,087)
December 2016	96,776,777	6,724,863	993,177	625,767	1,301,825	82,754	106,505,163	164,657	106,340,507	136,874,604	(1,271,693)

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 125

Responding Witness: Christopher M. Garrett / Valerie L. Scott

Q-125. Customer Advances.

- a. What is the ratemaking treatment for customer advances proposed by the Company in its filing? Where is such proposal found in the filing?
- b. Provide the monthly level of customer advances for the period December 2014 through December 2016 and also provide monthly updates when available.
- c. Provide the monthly interest expense paid by the Company on customer advances for the same period.

- A-125.
- a. Customer advances are a reduction to rate base as shown on Schedule B-1, Tab 55 of the Filing Requirements.
 - b. Customer advances as of December 31, 2014 were \$2,189,028. See attached for the monthly level of customer advances for 2015 and 2016.
 - c. The Company does not pay interest on customer advances.

Kentucky Utilities Company Case No. 2016-00370 Customer Advances - Kentucky Only For the Calendar Year 2015	
As of	Balance
January 31, 2015	\$ 2,152,771.21
February 28, 2015	2,132,231.69
March 31, 2015	2,120,172.94
April 30, 2015	2,106,336.95
May 31, 2015	2,061,640.99
June 30, 2015	2,059,310.47
July 31, 2015	2,023,372.33
August 31, 2015	2,022,028.35
September 30, 2015	2,010,715.41
October 31, 2015	1,976,558.85
November 30, 2015	1,962,232.87
December 31, 2015	1,942,000.34

Kentucky Utilities Company Case No. 2016-00370 Customer Advances - Kentucky Only For the Calendar Year 2016	
As of	Balance
January 31, 2016	\$ 1,935,543.36
February 28, 2016	1,879,537.67
March 31, 2016	1,869,270.68
April 30, 2016	1,844,719.77
May 31, 2016	1,792,708.19
June 30, 2016	1,548,687.19
July 31, 2016	1,572,449.59
August 31, 2016	1,549,721.13
September 30, 2016	1,540,557.62
October 31, 2016	1,519,916.62
November 30, 2016	1,509,765.74
December 31, 2016	1,495,929.75

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 126

Responding Witness: Christopher M. Garrett / Valerie L. Scott

Q-126. Customer Deposits.

- a. What is the ratemaking treatment for customer deposits proposed by the Company? Where is such proposal found in the filing?
- b. Provide the monthly level of customer deposits for the period December 2014 through December 2016.
- c. Provide the monthly interest expense paid by the Company on customer deposits for the same period.

A-126. a. For ratemaking purposes in this proceeding and in Case Nos. 2014-00371 (KU) and 2014-00372 (LG&E), the Companies followed the Commission's Order in Case No. 98-474 (KU) and Case No. 98-426 (LG&E) in which interest expenses on deposits are not included as a component of revenue requirement and customer deposits are not deducted from rate base or included as a component of capitalization.

- b. See attached.
- c. See attached.

Attachment to Response to AG-1 Question No. 126(b)

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Scott

Kentucky Utilities Company		
Case No. 2016-00370		
Summary of Total Company Retail Customer Deposits		
Line No.	Month	Balance
1.	December 2014	\$ 25,921,052
2.	January 2015	25,838,752
3.	February 2015	25,866,021
4.	March 2015	25,827,297
5.	April 2015	25,760,764
6.	May 2015	25,528,751
7.	June 2015	25,409,906
8.	July 2015	25,102,803
9.	August 2015	24,955,892
10.	September 2015	24,826,077
11.	October 2015	24,994,352
12.	November 2015	24,818,297
13.	December 2015	24,908,053
14.	January 2016	25,155,462
15.	February 2016	25,636,056
16.	March 2016	25,874,230
17.	April 2016	26,077,577
18.	May 2016	26,186,484
19.	June 2016	26,251,787
20.	July 2016	26,394,071
21.	August 2016	26,181,794
22.	September 2016	26,490,650
23.	October 2016	26,591,157
24.	November 2016	26,808,705
25.	December 2016	27,033,357

Attachment to Response to AG-1 Question No. 126(c)

Page 1 of 1

Scott

Kentucky Utilities Company		
Case No. 2016-00370		
Summary of Total Company Interest Paid on Retail Customer Deposits		
Line No.	Month	Interest Paid
1.	December 2014	\$ 209
2.	January 2015	444
3.	February 2015	384
4.	March 2015	527
5.	April 2015	794
6.	May 2015	1,577
7.	June 2015	26,889
8.	July 2015	123
9.	August 2015	183
10.	September 2015	169
11.	October 2015	225
12.	November 2015	212
13.	December 2015	369
14.	January 2016	361
15.	February 2016	511
16.	March 2016	790
17.	April 2016	897
18.	May 2016	1,113
19.	June 2016	54,856
20.	July 2016	244
21.	August 2016	611
22.	September 2016	630
23.	October 2016	715
24.	November 2016	791
25.	December 2016	891

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 127

Responding Witness: Robert M. Conroy / John P. Malloy

Q-127. Customer Deposits.

- a. What is the interest rate on customer deposits?
- b. Identify the tariff or statute that establishes the interest rate.
- c. Does the Company accrue interest on inactive customer deposits?
- d. How often is interest on customer deposits paid?
- e. Is interest on customer deposits paid by check, in the form of a bill credit, or credited as an addition to the customer deposit balance?
- f. What is the Company's policy on customer deposits for collection, refund, and use as an offset against an uncollectible balance?
- g. Provide a copy of the Company's policy(s) relating to customer deposits.

A-127.

- a. The interest rate on customer deposits effective January 1, 2017 is 0.66%.
- b. KRS 278.460.
- c. The Company does not have inactive customer deposits.
- d. Annually, per 807 KAR 5:006 Section 8(6)(b).
- e. The interest is paid in the form of a bill credit.
- f. See response to g. below.
- g. See attachment. See also the Deposits section of the Company's tariff at Sheet Nos. 102 *et seq.* The Company's current tariff is available online at: <https://lge-ku.com/regulatory/rates-and-tariffs>

Residential service deposits are required from all new customers, based on the customer's credit score, provided by Experian, as well as existing customers who have been disconnected for nonpayment and are seeking to have service restored. Accounts requiring a security deposit may have the deposit billed in up to six monthly installments.

Residential service deposit amounts can be found in each utility's filed and approved tariffs.

Residential Deposits:

LG&E, KU and ODP residential service deposits are held a minimum of 12 months. LG&E and KU deposits earn interest determined by the KPSC annually, while ODP deposits earn interest determined by the Commonwealth of Virginia annually.

LG&E, KU and ODP deposits will be refunded (applied to the customer's account) at the end of the first 12 month period, in which the customer has not:

- Been disconnected for nonpayment, or
- Received a disconnect notice/budget reminder letter, or
- Had a returned check, or
- Had meter theft/tampering or diversion charges, or
- Defaulted on an installment plan

IMPORTANT: The maximum security deposit for a residential contract account **cannot** exceed the amount indicated in our approved tariffs.

For residential customers, personal guarantees or letters of credit from other utilities **ARE NOT** acceptable in lieu of a cash deposit.

Security deposits should not be required on non-metered contracts (typically outdoor lights) tied to residential contract accounts.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 128

Responding Witness: Valerie L. Scott

- Q-128. For the test year and the preceding two years, has the Company sold any property which had formerly been included in Plant Held for Future Use or devoted to utility service? If so, for each sale, describe the property sold; state whether, when and in what manner it had been included in rate base; show the details of how the gain or loss was calculated; indicate when the sale occurred; explain how and whether the Company is amortizing such gain or loss; and show how such amortization was computed.
- A-128. See attached. All property listed has been included in net original cost rate base from the time of purchase through the time of sale. KU is not amortizing any gains or losses associated with these property sales except for the gain on the sale of the Carrollton office, which was accounted for as a sale/leaseback transaction. No sales of property have been forecasted in the test year.

Kentucky Utilities Company
Property Sold During the Test Year and Preceding 2 Years

<u>Description</u>	<u>Dates</u>	<u>Calculation of Gain or Loss</u>		
		<u>Net Book Value</u>	<u>Net Cash</u>	<u>Gain/(Loss) Amounts</u>
Vehicles	Nov-2015	\$ -	\$ 2,115	\$ 2,115
Morganfield Storeroom Land	Nov-2015	21,692	54,444	32,752
Vehicles	Apr-2016	-	16,751	16,751
Deferred Gain on Carrollton Sale/Leaseback *	Jul-2015 to Dec-2016	-	-	6,572
				<u>\$ 58,190</u>

*See deferred gain calculation

Kentucky Utilities Company***Deferred Gain Calculation of Carrollton Sale/Leaseback**

Sale proceeds (sold July 31, 2006)	\$ 198,245
Rent reduction received as part sale/lease agreement	75,000
	<u>273,245</u>
Original cost of assets on property records	203,898
Accumulated depreciation	(77,039)
Net book value	<u>126,859</u>
Gain on transaction	<u>\$ 146,387</u>
Gain deferred and recognized over life of the lease (PV of minimum lease pmts)	\$ 74,478
Gain recognized at time of sale	71,909
Gain on transaction	<u>\$ 146,387</u>
<hr/>	
Gain deferred and recognized over life of the lease (PV of minimum lease pmts)	\$ 74,478
Total months in 17 year lease term	204
Monthly deferred gain amount	365
Monthly periods in year	12
Yearly amount	<u>\$ 4,381</u>

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 129

Responding Witness: Christopher M. Garrett

- Q-129. The following questions are related to the Company's policies regarding accounting for CWIP, plant in service and depreciation:
- a. For each item of CWIP which the Company has transferred into utility plant in service for purposes of this filing, has a full 12 months of depreciation expense been included in the cost of service?
 - b. For each item of CWIP which the company has transferred into utility plant in service for the purposes of this filing, has an amount representing a full 12 months of depreciation expense been added to the total accumulated depreciation by which rate base is reduced?
 - c. Provide the same information as requested in subsection b. above for the deferred taxes related to the depreciation timing differences.
- A-129.
- a. No, depreciation expense is not annualized. Depreciation begins when the plant is placed in service using the mid-month convention.
 - b. See the response to part a.
 - c. See the response to part a.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 130

Responding Witness: Lonnie E. Bellar

- Q-130. List all revenue, expense, and rate base amounts by account included in the test year relating to any Company or affiliate owned or leased airport, airplane, and helicopter facilities, if applicable.
- A-130. Helicopter hanger facility expense (account 563) is \$2,520 (Total KU Company). This expense is for the hanger where the helicopter that is used for aerial patrol and inspection of the transmission lines is stored.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 131

Responding Witness: Lonnie E. Bellar

- Q-131. Has the Company included any amounts in its requested cost of service for affiliate owned or leased aircraft? If so, provide the following information:
- a. the amount of expense in the test year by account.
 - b. the amount in the projected period through June 30, 2018 by account.
 - c. flight logs for all affiliate owned or leased aircraft for 2015 and 2016.
- A-131. Yes, KU leases a helicopter for aerial patrol and inspection of transmission lines.
- (a) Base Year (account 563) \$279,188 (Total KU Company).
 - (b) Forecasted Test Year (account 563) \$290,340 (Total KU Company).
 - (c) See attached.

KU Aerial Patrol Flight Log - 2015

Billing Item Description	Flight Hours	Date	Company
Hourly Equip Rate per FI Hr (Helo)	2.9	1/24/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.3	1/31/2015	KU
Hourly Equip Rate per FI Hr (Helo)	6.7	2/17/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.9	2/22/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.5	2/23/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.5	3/8/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.7	3/16/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.7	3/17/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.3	3/18/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.4	3/20/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.9	3/23/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.8	3/24/2015	KU
Hourly Equip Rate per FI Hr (Helo)	6.7	3/25/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.6	3/27/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.3	3/30/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.9	3/31/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.9	4/1/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.3	4/4/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.1	4/9/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.2	4/13/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.3	4/24/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.6	4/28/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.2	5/4/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.8	5/5/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.7	5/6/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.2	5/8/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.3	5/11/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.2	5/21/2015	KU
Hourly Equip Rate per FI Hr (Helo)	6.2	5/22/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.5	5/29/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.3	6/3/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.2	6/4/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.7	6/5/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.3	6/11/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.4	6/15/2015	KU
Hourly Equip Rate per FI Hr (Helo)	7	6/16/2015	KU
Hourly Equip Rate per FI Hr (Helo)	6	6/17/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.6	6/26/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.6	6/29/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.1	7/1/2015	KU
Hourly Equip Rate per FI Hr (Helo)	6.9	7/9/2015	KU
Hourly Equip Rate per FI Hr (Helo)	1.6	7/10/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.9	7/14/2015	KU

KU Aerial Patrol Flight Log - 2015

Billing Item Description	Flight Hours	Date	Company
Hourly Equip Rate per FI Hr (Helo)	1.1	7/15/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.5	7/21/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.3	7/24/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3	7/26/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5	7/31/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5	8/3/2015	KU
Hourly Equip Rate per FI Hr (Helo)	1.1	8/4/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.8	8/7/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.5	8/10/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.7	8/11/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.3	8/12/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.3	8/13/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.2	8/14/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.9	8/17/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.2	8/20/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.1	8/21/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.9	8/25/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.2	8/31/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.8	9/2/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.5	9/8/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.9	9/14/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.4	9/16/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.9	9/18/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.3	9/23/2015	KU
Hourly Equip Rate per FI Hr (Helo)	1.5	9/25/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.2	9/27/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.3	10/6/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.9	10/22/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.4	10/30/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.4	11/5/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.9	11/11/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.1	11/13/2015	KU
Hourly Equip Rate per FI Hr (Helo)	1.4	11/17/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.5	11/25/2015	KU
Hourly Equip Rate per FI Hr (Helo)	1.2	12/10/2015	KU
Hourly Equip Rate per FI Hr (Helo)	5.9	12/11/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.7	12/15/2015	KU
Hourly Equip Rate per FI Hr (Helo)	4.4	12/16/2015	KU
Hourly Equip Rate per FI Hr (Helo)	2.7	7/16/2015	KU
Hourly Equip Rate per FI Hr (Helo)	3.5	9/21/2015	KU
Hourly Equip Rate per FI Hr (Helo)	0	1/1/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	2.3	1/8/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	1.2	1/10/2015	Flight was for both KU & LG&E

KU Aerial Patrol Flight Log - 2015

Billing Item Description	Flight Hours	Date	Company
Hourly Equip Rate per FI Hr (Helo)	2.5	1/11/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	2.6	1/13/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	0	1/19/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	0.2	1/23/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	0	3/29/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	1.9	6/18/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	6.3	7/28/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	5.2	8/26/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	8	8/27/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	1.5	8/28/2015	Flight was for both KU & LG&E
Hourly Equip Rate per FI Hr (Helo)	8.4	9/3/2015	Flight was for both KU & LG&E

KU Aerial Patrol Flight Log - 2016

Billing Item Description	Flight Hours	Date	Company
Hourly Equip Rate per Fl Hr (Helo)	2.8	1/24/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2	1/25/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	1.2	3/4/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.5	3/6/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.5	3/6/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3	3/7/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4	3/8/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.6	3/9/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.4	3/18/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4	3/23/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.9	3/29/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4	4/1/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.1	4/9/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.3	4/13/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	6.2	4/14/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	5.2	4/15/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.5	4/20/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.4	4/28/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.6	4/29/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.2	5/11/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.7	5/13/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	1.5	5/13/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.2	5/18/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.1	5/27/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.4	5/29/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.8	5/31/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	5	6/2/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.9	6/3/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	5.1	6/10/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.1	6/20/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.1	6/21/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.6	6/23/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	1.5	6/23/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4	6/24/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	1	6/24/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.3	6/27/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.8	6/28/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.2	7/19/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	5.4	7/21/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.2	7/25/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.3	7/29/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.8	8/2/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.9	8/4/2016	KU

KU Aerial Patrol Flight Log - 2016

Billing Item Description	Flight Hours	Date	Company
Hourly Equip Rate per Fl Hr (Helo)	4.3	8/8/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	1.7	8/10/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.9	8/11/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.6	8/22/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.6	9/8/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.6	9/12/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.7	9/13/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	5.6	9/14/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.5	9/16/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.7	9/23/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	1.3	10/19/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4	10/26/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	1.5	10/27/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.6	10/28/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.1	10/31/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	5.8	11/1/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.6	11/2/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4	11/3/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.3	11/8/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.9	11/17/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.4	11/18/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.7	11/19/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	3.8	12/13/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	2.5	12/22/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.7	12/27/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4	3/30/2016	KU
Hourly Equip Rate per Fl Hr (Helo)	4.2	5/19/2016	Flight was for both KU & LG&E
Hourly Equip Rate per Fl Hr (Helo)	3.9	8/29/2016	Flight was for both KU & LG&E
Hourly Equip Rate per Fl Hr (Helo)	4.1	8/30/2016	Flight was for both KU & LG&E
Hourly Equip Rate per Fl Hr (Helo)	3.1	8/31/2016	Flight was for both KU & LG&E
Hourly Equip Rate per Fl Hr (Helo)	2.5	8/31/2016	Flight was for both KU & LG&E
Hourly Equip Rate per Fl Hr (Helo)	4	9/1/2016	Flight was for both KU & LG&E
Hourly Equip Rate per Fl Hr (Helo)	2.9	9/2/2016	Flight was for both KU & LG&E

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 132

Responding Witness: Valerie L. Scott

- Q-132. Identify how much of the Company's materials and supplies balance at December 31, 2014, December 31, 2015, and December 31, 2016 is related to construction activities.
- A-132. Materials and supplies specifically purchased for a capital project are charged directly to that project. The items in the materials and supplies balance are not related to any specific construction activities.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 133

Responding Witness: Christopher M. Garrett

- Q-133. Provide a copy of the parent company's corporate federal tax returns and supporting "M" schedules and all consolidating schedules for tax years 2014 and 2015.
- A-133. The parent company's 2014 and 2015 pro forma federal tax returns are attached. The information requested is confidential and proprietary, and is being provided under seal pursuant to a petition for confidential treatment.

Attachments Confidential

The entire attachments
are Confidential and
provided separately
under seal.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 134

Responding Witness: Christopher M. Garrett

- Q-134. Provide workpapers detailing the calculation of each statutory addition and deduction used in arriving at taxable income in the above calculation, as well as the calculations provided in the filing. Also provide a narrative explanation of the effect of each statutory addition and deduction on tax and/or book income, and the Internal Revenue Code Section or Treasury Regulation calling for the adjustment.
- A-134. The question references "taxable income in the above calculation" as a result the answer provided is for tax years 2014 and 2015 that was asked for in preceding question, Q-133, as well as the calculations provided in the filing.

The 2014 and 2015 workpapers, as well as the calculations provided in the filing, detailing the calculation to arrive at taxable income are provided under seal. The information requested is confidential and proprietary, and is being provided under seal pursuant to a petition for confidential protection.

A comprehensive narrative explanation of the effect of each statutory addition and deduction on tax and/or book income does not exist; however, a summary explanation of our book vs. tax differences is provided. The information requested is confidential and proprietary, and is being provided under seal pursuant to a petition for confidential protection. Also, there is no readily available comprehensive listing of each adjustment that references either the applicable Internal Revenue Code Section or Treasury Regulation.

Attachments Confidential

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KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 135

Responding Witness: Christopher M. Garrett

- Q-135. For tax years 2014 and 2015, provide a copy of the parent company and KU's Kentucky Corporate Income Tax Return and all other Kentucky Tax Returns. If separate returns were not prepared, provide the detailed worksheets that were used to prepare the consolidated return.
- A-135. The parent company's 2014 and 2015 pro forma Kentucky tax returns and KU's 2014 pro forma Kentucky tax return are attached. The information requested is confidential and proprietary, and is being provided under seal pursuant to a petition for confidential treatment.

KU's 2015 pro forma Kentucky income tax return was filed in this case as Response to PSC 1-48(a)(9).

Other routine non-income tax Kentucky returns such as monthly Sales/Use tax returns, quarterly payroll tax returns, and property tax returns can be provided or are available for review upon request.

Attachments Confidential

The entire attachments
are Confidential and
provided separately
under seal.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 136

Responding Witness: Christopher M. Garrett

- Q-136. Provide the following information regarding deferred income taxes (DFIT):
- a. Calculation of all timing differences reflected in DFIT; show book amount and tax amount; indicate when amounts were included in book and in tax returns;
 - b. Tax rate applied to each timing difference;
 - c. Calculation of actual DFIT;
 - d. If different, reconcile book amount per cost of service and book amount in DFIT calculation. Identify and quantify all reconciling items.
 - e. For each year 2015 and 2016, identify the gross and net additions to deferred taxes. Breakdown such additions within each year by sub-account, providing the number and name for each account and sub-account. For each item by year, reconcile the gross to net additions and explain how that reconciliation was derived.
 - f. For 2016 provide information requested in (e) above for each month.
- A-136.
- a. The net differences are listed on the attached as separate book and tax amounts are not readily available for the test year.
 - b. See the response to part a.
 - c. See response to part a.
 - d. The book amounts used for the cost of service study and the book amounts used for deferred tax calculations are the same. The cost of service study does not use the book amounts after net operating income.

- e. See attached for the listing of sub-account amounts during 2015 and 2016. The Company does not maintain deferred tax records for gross or net additions, therefore no reconciliation is provided.

- f. See attached for the listing of sub-account amounts by month for 2016. The Company does not maintain deferred tax records for gross or net additions, therefore no reconciliation is provided.

Kentucky Utilities Company
Case No. 2016-00370
Deferred Income Tax Expense - Total Company
12ME 6/30/18

	Federal Timing			State Timing			Federal Benefit		TOTAL DFIT
	Differences	Tax Rate	DFIT	Difference	Tax Rate	DFIT	(Tax Rate)	DFIT	
Addbacks to Book Income:									
Book Depreciation	298,357,675	35%	104,425,186	298,357,675	6%	17,901,461	-35%	(6,265,511)	116,061,136
CIAC	4,000,000	35%	1,400,000	4,000,000	6%	240,000	-35%	(84,000)	1,556,000
Fuel Adjustment Clause Refund & Recovery	553,063	35%	193,572	553,063	6%	33,184	-35%	(11,614)	215,142
Green River Regulatory Asset	1,702,458	35%	595,860	1,702,458	6%	102,147	-35%	(35,752)	662,256
Interest Capitalized	10,086,987	35%	3,530,445	10,086,987	6%	605,219	-35%	(211,827)	3,923,838
Interest Rate Swaps	958,060	35%	335,321	958,060	6%	57,484	-35%	(20,119)	372,685
Loss on Reacquired Debt - Amortization	679,155	35%	237,704	679,155	6%	40,749	-35%	(14,262)	264,191
Muni True-Up Regulatory Liability	5,323,395	35%	1,863,188	5,323,395	6%	319,404	-35%	(111,791)	2,070,801
Off System Sales Tracker	10,889	35%	3,811	10,889	6%	653	-35%	(229)	4,236
Regulatory Expense	681,081	35%	238,378	681,081	6%	40,865	-35%	(14,303)	264,941
Research and Demonstration Site	324,324	35%	113,513	324,324	6%	19,459	-35%	(6,811)	126,162
Storm Damages	6,179,640	35%	2,162,874	6,179,640	6%	370,778	-35%	(129,772)	2,403,880
Total	328,856,727		115,099,854	328,856,727		19,731,404		(6,905,991)	127,925,267
Deducts from Book Income:									
ARO CCR	32,225,116	35%	11,278,791	32,225,116	6%	1,933,507	-35%	(676,727)	12,535,570
Bonus Depreciation - Federal	216,560,360	35%	75,796,126	-	6%	-	-35%	-	75,796,126
Cost of Removal	21,950,214	35%	7,682,575	21,950,214	6%	1,317,013	-35%	(460,954)	8,538,633
Demand Side Management (DSM)	1,416,427	35%	495,749	1,416,427	6%	84,986	-35%	(29,745)	550,990
Environmental Cost Recovery	3,163,659	35%	1,107,281	3,163,659	6%	189,820	-35%	(66,437)	1,230,663
FAS 106 Post Retirement Benefits	5,965,784	35%	2,088,024	5,965,784	6%	357,947	-35%	(125,281)	2,320,690
Federal NOL Utilization	48,183,099	35%	16,864,085	-	6%	-	-35%	-	16,864,085
Miso Exit Fees/Transmission Tariff	8,949	35%	3,132	8,949	6%	537	-35%	(188)	3,481
Non-Deductible Pensions	2,835,085	35%	992,280	2,835,085	6%	170,105	-35%	(59,537)	1,102,848
Over/Under Collections-Va	714,333	35%	250,017	714,333	6%	42,860	-35%	(15,001)	277,876
Refined Coal	215,461	35%	75,411	215,461	6%	12,928	-35%	(4,525)	83,814
Repair Allowance	30,000,000	35%	10,500,000	30,000,000	6%	1,800,000	-35%	(630,000)	11,670,000
Tax Depreciation	300,354,469	35%	105,124,064	455,174,794	6%	27,310,488	-35%	(9,558,671)	122,875,881
Total	663,592,956		232,257,535	553,669,822		33,220,189		(11,627,066)	253,850,658
Deferred Tax (Expense) Benefit									<u>(125,925,391)</u>
Reconciling Items:									
Federal Excess Deferred Income Taxes									557,692
State Excess Deferred Income Taxes									392,308
Investment Tax Credit Amortization ¹									1,931,461
Basis Adjustment - Federal									(615,123)
Basis Adjustment - State									(106,506)
R&E Credit - Federal									200,000
Total Deferred Tax (Expense) Benefit after reconciling items									<u>(123,565,560)</u>

¹ Investment Tax Credit Amortization is recorded below-the-line for Kentucky Utilities Company.

Kentucky Utilities Company
Case No. 2016-00370
Accumulated Deferred Income Taxes

<u>Account</u>	<u>Account Description</u>	<u>DEC-2015</u>	<u>DEC-2016</u>
190007	FASB 109 ADJ-FED	30,603,230	31,509,658
190008	FASB 109 GRS-UP-FED	23,149,983	23,106,862
190009	FASB 109 ADJ-STATE	5,581,136	5,746,442
190010	FASB 109 GRS-UP-ST	4,221,881	4,214,017
190415	DTA FEDERAL - NON-CURRENT	262,402,748	223,764,667
190615	DTA STATE - NON-CURRENT	33,999,743	25,348,593
190616	DTA ON FIN 48 - UTP - STATE	(1,920,066)	-
282007	FASB 109 ADJ-FED PRO	(36,425,347)	(37,087,473)
282009	FASB 109 ADJ-ST PROP	487,604	25,129
282503	DTL ON FIXED ASSETS	(1,100,828,819)	(1,143,578,630)
282703	DTL ON FIXED ASSETS - STATE (NON-CURRENT)	(135,541,829)	(143,058,220)
283011	FASB 109 GR-UP-F-OTH	(23,017,186)	(23,002,532)
283012	FASB 109 GR-UP-S-OTH	(4,197,663)	(4,194,991)
283515	DTL FEDERAL - NON-CURRENT	(88,891,729)	(112,510,437)
283715	DTL STATE - NON-CURRENT	(16,211,258)	(20,518,621)
Total	SUM	<u>(1,046,587,570)</u>	<u>(1,170,235,533)</u>

Kentucky Utilities Company
Case No. 2016-00370
Accumulated Deferred Income Taxes

Account	Account Description	JAN-2016	FEB-2016	MAR-2016	APR-2016	MAY-2016	JUN-2016	JUL-2016	AUG-2016	SEP-2016	OCT-2016	NOV-2016	DEC-2016
190007	FASB 109 ADJ-FED	30,603,230	30,603,230	30,451,380	30,451,380	30,451,380	31,615,530	31,615,530	31,615,530	31,463,680	31,463,680	31,463,680	31,509,658
190008	FASB 109 GRS-UP-FED	23,149,983	23,149,983	22,905,229	22,905,229	22,905,229	23,498,321	23,498,321	23,470,421	23,225,667	23,225,667	23,225,667	23,106,862
190009	FASB 109 ADJ-STATE	5,581,136	5,581,136	5,553,443	5,553,443	5,553,443	5,765,750	5,765,750	5,765,750	5,738,057	5,738,057	5,738,057	5,746,442
190010	FASB 109 GRS-UP-ST	4,221,881	4,221,881	4,177,245	4,177,245	4,177,245	4,285,408	4,285,408	4,280,320	4,235,684	4,235,684	4,235,684	4,214,017
190415	DTA FEDERAL - NON-CURRENT	262,402,748	262,402,748	252,480,469	252,480,469	258,092,444	262,201,449	262,201,449	254,195,652	209,986,412	209,986,412	209,986,412	223,764,667
190615	DTA STATE - NON-CURRENT	33,999,743	33,999,743	34,158,940	34,158,940	34,535,823	32,720,566	32,720,566	32,585,269	24,477,634	24,477,634	24,477,634	25,348,593
190616	DTA ON FIN 48 - UTP - STATE	(1,920,066)	(1,920,066)	(1,920,066)	(1,920,066)	(1,920,066)	-	-	-	-	-	-	-
282007	FASB 109 ADJ-FED PRO	(36,425,347)	(36,425,347)	(36,407,618)	(36,407,618)	(36,386,226)	(37,048,471)	(37,048,471)	(37,077,204)	(37,044,272)	(37,044,272)	(37,044,272)	(37,087,473)
282009	FASB 109 ADJ-ST PROP	487,604	487,604	407,973	407,973	411,874	208,235	208,235	192,731	115,872	115,872	115,872	25,129
282503	DTL ON FIXED ASSETS	(1,100,828,819)	(1,100,828,819)	(1,124,778,087)	(1,124,778,087)	(1,137,034,899)	(1,149,103,222)	(1,149,103,222)	(1,138,846,693)	(1,132,340,136)	(1,132,340,136)	(1,132,340,136)	(1,143,578,630)
282703	DTL ON FIXED ASSETS - STATE (NON-CURRENT)	(135,541,829)	(135,541,829)	(139,155,241)	(139,155,241)	(140,942,945)	(142,015,844)	(142,015,844)	(142,079,001)	(139,364,036)	(139,364,036)	(139,364,036)	(143,058,220)
283011	FASB 109 GR-UP-F-OTH	(23,017,186)	(23,017,186)	(22,902,441)	(22,902,441)	(22,888,822)	(23,206,990)	(23,206,990)	(23,202,909)	(23,078,485)	(23,078,485)	(23,078,485)	(23,002,532)
283012	FASB 109 GR-UP-S-OTH	(4,197,663)	(4,197,663)	(4,176,737)	(4,176,737)	(4,174,253)	(4,232,278)	(4,232,278)	(4,231,534)	(4,208,842)	(4,208,842)	(4,208,842)	(4,194,991)
283017	DEF INC TAX - FED EST	-	-	-	-	-	-	-	(3,356)	-	-	-	(3,356)
283018	DEF INC TAX - ST EST	-	-	-	-	-	-	-	(612)	-	-	-	(612)
283515	DTL FEDERAL - NON-CURRENT	(88,891,729)	(88,891,729)	(94,666,093)	(94,666,093)	(103,720,656)	(105,367,917)	(105,367,917)	(105,367,917)	(109,094,788)	(109,094,788)	(109,094,788)	(112,510,437)
283715	DTL STATE - NON-CURRENT	(16,211,258)	(16,211,258)	(17,264,333)	(17,264,333)	(18,915,621)	(19,216,033)	(19,216,033)	(19,216,034)	(19,895,706)	(19,895,706)	(19,895,706)	(20,518,621)
Total	SUM	(1,046,587,570)	(1,046,587,570)	(1,091,135,937)	(1,091,135,937)	(1,109,856,050)	(1,119,895,496)	(1,119,895,496)	(1,117,919,586)	(1,165,783,259)	(1,165,783,259)	(1,165,787,227)	(1,170,235,533)

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 137

Responding Witness: Christopher M. Garrett

- Q-137. State whether the Company has or will claim bonus tax depreciation on its federal or state tax return for 2016 and if so, list the KU 2016 plant additions by account and amount that are expected to qualify for 2016 bonus tax depreciation.
- a. Also, show the estimated impact on test year ADIT from 2016 bonus tax depreciation.
 - b. If not included in its filing, specify the expected test year jurisdictional revenue requirement impact of including bonus tax depreciation allowance in the Company's overall cost of service for qualified property placed into service by June 30, 2018.
 - c. Provide all of the adjustments that would be necessary to produce the Company's test year jurisdictional revenue requirements that include the impact of bonus tax depreciation for qualified property placed in service prior to June 30, 2018, summarized for all applicable rate base and expense categories presented in the Company's Filing Requirements schedules.
 - d. The adjustments referenced in part b., above should allow for a complete assessment of the revenue requirement impact of inclusion of bonus tax depreciation on plant additions through June 30, 2018 in the overall cost-of-service. As part of this response, include all electronic workpapers with formulas intact used in the derivation of the bonus tax depreciation impact.
- A-137. The Company will claim bonus tax depreciation on its federal tax return for 2016. The states in which KU files income tax returns do not conform to the federal treatment of bonus tax depreciation; therefore no state bonus tax depreciation can be claimed. Attached is a listing of plant additions expected to qualify for 2016 bonus tax depreciation.
- a. The estimated bonus tax depreciation deduction of \$180,410,883 for 2016 increases the Company's ADIT liability by \$63,143,809. This will ultimately reverse over the book life of the qualifying assets.

- b. Bonus tax depreciation was included in the filing.
- c. Not applicable.
- d. Not applicable.

Kentucky Utilities Company
Case No. 2016-00370
Qualifying Additions - Bonus Depreciation
2016 Provision

<u>Tax Class Account</u>	<u>Plant Addition Amount</u>
BROWN 1 Total	686,608.43
BROWN 11 Total	89,706.74
BROWN 2 Total	710,149.03
BROWN 3 Total	109,586,338.41
BROWN 6 Total	(962.12)
BROWN 7 Total	(962.07)
BROWN 8 Total	44,189.81
BROWN 9 Total	221,640.04
BROWN SOLAR Total	14,473,544.97
CANE RUN 7 NGCC Total	(383,625.86)
COMPUTER EQ Total	4,067,593.61
DISTRIBUTION Total	78,148,746.55
E STM GENERAL Total	152,643.59
E STM PROD TRIMBLE 2 Total	12,509,440.11
E STM PROD TRIMBLE 2 SO2 Total	17,436.11
GENERAL OTHER Total	5,758,447.04
GHENT 1 Total	8,784,543.19
GHENT 2 Total	8,394,719.29
GHENT 3 Total	8,226,207.32
GHENT 4 Total	17,302,663.68
GR RIVER 4 Total	43,754.07
HYDRO Total	41,581.54
MISC INTANGIBLE Total	11,706,442.76
OFFICE EQ Total	1,515,880.88
OTHER PRODUCTION Total	10,031.66
PADDY'S RUN 13 Total	6,796,850.16
PC GH1 SCRUBBER Total	331,909.96
PC GH2 SCRUBBER Total	580,743.20
PC GH3 SCRUBBER Total	591,216.56
SMART METERS & GRIDS Total	300,884.68
Street Lighting Total	3,293,944.93
TRANSMISSION Total	55,908,192.95
TRANSPORTATION Total	1,979,532.34
TRIMBLE 10 Total	369,995.01
TRIMBLE 5 Total	330,532.23
TRIMBLE 6 Total	3,543,978.34
TRIMBLE 7 Total	(105,796.48)
TRIMBLE 8 Total	178,150.40
TRIMBLE 9 Total	729,163.05
VA DISTRIBUTION Total	3,090,331.47
VA GENERAL OTHER Total	67,996.43
VA Street Lighting Total	181,346.02
VA TRANSMISSION Total	546,035.39
Grand Total	<u>360,821,765.42</u>
50% Deduction	50%
Bonus Tax Depreciation	<u><u>180,410,882.71</u></u>

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 138

Responding Witness: Christopher M. Garrett

- Q-138. Does KU's filed rate base reflect impacts from bonus tax depreciation for plant additions made in 2016 and projected to be made in 2017 and in 2018 (through June 2018)?
- a. If not, explain why not.
 - b. If so, identify the amounts and show how they were calculated.
- A-138. Yes, the Company's filed rate base reflects impacts from bonus tax depreciation for plant additions in 2016 as well as projected additions in 2017 and 2018.
- a. Not applicable.
 - b. See attached.

Kentucky Utilities Company
Case No. 2016-00370
Bonus Depreciation
\$ Thousands

	2016 ¹	2017	2018 (spend in 2017)	2018 (spend in 2018)	Test Year
Plant Additions	507,615	354,004	224,912	487,893	
% of Closing Eligible for Bonus ²	89%	85%	100%	87%	
Amount Eligible for Bonus	450,747	301,741	224,912	424,486	
Federal Bonus Tax Depreciation %	50%	50%	50%	40%	1/2 of 2017 plus 1/2 of 2018
Federal Bonus Tax Depreciation	225,373	150,870	112,456	169,794	216,560

1 Represents the estimated amount of 2016 bonus tax depreciation at the time of filing.

2 Plant Additions that do not qualify for bonus tax depreciation include; Land, Structures, and additions that qualified for tax repairs expensing.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 139

Responding Witness: Valerie L. Scott

Q-139. List the name and business function of all Company subsidiaries and affiliates and separately list those which are included in this case, and which charged cost to KU during 2015 and 2016.

A-139. KU is the only entity included in this case.

See the response to PSC 1-2 for the names and business functions of PPL subsidiaries and affiliates which had transactions with or charged costs to KU during 2015 and 2016.

See attached for a complete list of all of the Company's subsidiaries and affiliates.

PPL CORPORATION SUBSIDIARIES AND AFFILIATES

Airborne Clean Energy Ltd.
Airborne Pollution Control, Inc.
Aztec Insurance Limited
Central Networks Trustees Limited
CEP Commerce, LLC
CEP Lending, Inc.
CEP Reserves, Inc.
DCUSA Limited
DHA, LLC
Downtown Commercial Loan Fund, LLC
Ebusiness South West Limited
Electralink Limited
Electric Energy, Inc.
Electricity Pensions Limited
Electricity Pensions Trustee Limited
Energy Networks Association Limited
FCD LLC
Gemserv Limited
Hyder Limited
Hyder Profit Sharing Trustee Limited
Hyder Share Scheme Trustee (2) Limited
Hyder Share Scheme Trustee Limited
Indiana-Kentucky Electric Corporation
Infralec 1992 Pension Trustee Limited
Joppa & Eastern Railroad Company
Kelston Properties Limited
Kelston Properties 2 Limited
Kentucky Utilities Company
Lexington Utilities Company
LG&E and KU Capital LLC
LG&E and KU Energy LLC
LG&E and KU Foundation Inc.
LG&E and KU Hydro I LLC
LG&E and KU Services Company
LG&E Energy Inc.
LG&E Energy Marketing Inc.
Louisville Development Bancorp, Inc.
Louisville Gas and Electric Company
Merchants Landing (Amenities) Limited
Met-South, Inc.
Meter Operator Services Limited
Meter Reading Services Limited
Metro Bank, Inc.
Midwest Electric Power, Inc.
MRA Service Company Limited
Northmere Limited
Ohio Valley Electric Corporation
PMDC Chile, LLC
PMDC International Holdings, Inc.
PP&L Residual Corporation
PPL (Barbados) SRL
PPL Capital Funding, Inc.
PPL Cayman, LLC
PPL Electric Utilities Corporation
PPL Energy Funding Corporation
PPL EU Services Corporation
PPL Foundation
PPL Global, LLC
PPL Infrastructure Services, LLC
PPL Island Limited
PPL Midlands Limited
PPL Power Insurance Ltd.
PPL Services Corporation
PPL Strategic Development, LLC
PPL TransLink, Inc.
PPL UK Holdings, LLC
PPL UK Investments Limited
PPL UK Management Partners
PPL UK Resources Limited
PPL UK Distribution Holdings Limited
PPL WEM Limited
PPL WPD Limited
Smart Energy Code Company Limited
South Wales Electricity Share Scheme Trustees Limited
South Western Helicopters Limited
Spinnaker Quay Management Company Limited
Surf Telecoms Limited
The Ombudsman Service Limited
Victory Park Management Company Limited
Western Kentucky Energy Corp.
Western Power Distribution (East Midlands) plc
Western Power Distribution (West Midlands) plc
Western Power Distribution (South Wales) plc
Western Power Distribution (South West) plc
Western Power Distribution Investments Limited
Western Power Distribution plc
Western Power Generation Limited
Western Power Pension Trustee Limited
Willow Farm Management Company Limited
WPD Foundation
WPD Investments Limited
WPD Limited
WPD Limited (Guernsey)
WPD Midlands Networks Contracting Limited
WPD Midlands Properties Limited
WPD Distribution Networks Holdings Limited
WPD Property Developments Limited
WPD Property Investments Limited
WPD Property Limited
WPD Share Scheme Trustees Limited
WPD Smart Metering Limited
WW Share Schemes Trustees Limited

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 140

Responding Witness: Christopher M. Garrett

- Q-140. Provide a detailed derivation of 2014, 2015 and 2016 research and development credits, including:
- a. A list of all research, development and experimentation expenditures, and for each item provide;
 - b. Separately the amounts payable to inside and outside contractors;
 - c. The amount payable in the test year;
 - d. The total expenditures to be expensed in determining federal taxable income; and
 - e. The total expenditures qualifying for the R & E credit under I.R.C. paragraph 44f.
- A-140. a. – e. See attached.

KENTUCKY UTILITIES COMPANY
CASE NO. 2016-00370
R&E Credit Analysis

		<u>2014 KU</u>	<u>2015 KU</u>	
a. & b.	Outside Contractors(No Inside Contractors)			
	EPRI	2,774,028	2,687,272	
	Nonqualified EPRI 50% Adjustment Per Agreement With IRS	(1,387,014)	(1,343,636)	
	University of Georgia Tech Research	28,670	34,615	
	University of Texas (Luminant Carbon Management Program)	45,750	97,050	
	University Of Louisville	12,500	-	
	Outside Engineering/Studies	-	23,328	
	Carbon Sequestration Council	-	12,600	
	University Of Kentucky Research Foundation	-	102,440	
a. & b.	Inside and Outside Contractors QRE's	<u>1,473,934</u>	<u>1,613,668</u>	
c.	Amount Payable In Test Period - \$1,538,462			2
d.	Total Expenditures to be Expensed In Determining Federal Taxable Income	<u>1,473,934</u>	<u>1,613,668</u>	1
	R&E Credit Computation			
	Qualifying Research Expenditures per above	1,473,934	1,613,668	
	280C Reduced Credit Deduction Percentage	13%	13%	
	Reduced Credit Allowed	<u>191,611</u>	<u>209,777</u>	1
e.	Section 44f has been deleted from the I.R.C. and could not be referenced.			

1 Note: Election was made under I.R.C. code section 280C for a reduced credit. Not making this election would have required an addback of 35% of the Amount in d.
2 2016 Return has not been completed. Amounts included in test period above are estimates.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 141

Responding Witness: Christopher M. Garrett

- Q-141. In tax years 2014 or 2015, did the Company claim any tax deductions under section 174 of the Internal Revenue Code? If so, identify and explain each deduction claimed under section 174.
- A-141. Kentucky Utilities Company did not claim tax deductions under section 174, Research and Experimental Expenditures, for tax years 2014 or 2015.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 142

Responding Witness: Christopher M. Garrett

Q-142. Identify all net operating loss carrybacks and carryforwards for KU for each tax year 2014 through 2016, and show in detail how KU has accounted for those on its books.

A-142. For tax year 2014 the Company had a federal net operating loss of (\$203,827,103). \$174,729,566 of that loss was carried back to offset taxable income on its 2013 federal tax return resulting in a net operating loss carryforward of (\$29,097,537).

For tax year 2015 the Company had a federal net operating loss of (\$311,606,771). There was no available taxable income to offset on prior year federal tax returns resulting in a net operating loss carryforward of (\$340,704,308) [\$29,097,537 + \$311,606,771].

For tax year 2016 the Company is projected to have federal taxable income of \$113,836,242. Loss carryforwards will be utilized to offset the taxable income resulting in a net operating loss carryforward of (\$226,868,066) [\$340,704,308 - \$113,836,242].

A \$79,403,823 (\$226,868,066 x 35%) deferred tax asset has been recorded on the Company's books as of 12/31/16.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 143

Responding Witness: Christopher M. Garrett

- Q-143. Provide detailed descriptions of any IRS audit, settlements with the Internal Revenue Service, or audit adjustments made during the three years ending December 31, 2016.
- A-143. During the last three years ending December 31, 2016, the Company has recorded one adjustment due to the completion of its 2011 IRS audit in 2014. The adjustment was a 50% reduction on qualifying expenditures for the R&E credit, which reduced the credit by \$136,743. Tax years 2012 through 2015 are not currently under examination. The 2016 federal tax return has not yet been prepared; this return will be filed before September 15, 2017.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 144

Responding Witness: Christopher M. Garrett

- Q-144. Provide a copy of any and all revenue ruling requests, IRS responses, and correspondence between the Company and the IRS during the ten years ending December 31, 2016.
- A-144. Kentucky Utilities Company has not made any requests for IRS income tax revenue rulings during the ten years ending December 31, 2016.

The Company does have routine correspondence with the IRS in dealing with payroll matters, employee benefits, income tax audits, tax payments/refunds, and other miscellaneous federal tax matters. Correspondence of this nature is available upon request or for inspection at the Company's offices.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 145

Responding Witness: Christopher M. Garrett

Q-145. List total property taxes and property tax refunds or abatements each year, for the test year and the most recent three calendar years, 2014 through 2016. Describe and show the accounting treatment accorded to each item, showing journal entries, dates, accounts, amounts, and descriptions.

A-145. See attached.

Kentucky Utilities Company
Case No. 2016-00370
Property Taxes

<u>Account</u>	<u>Description</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Test Year</u>
408.1	Property Tax Expense	24,117,120	25,648,373	26,867,007	29,910,219
408.2	Property Tax Expense	10,715	10,827	10,605	-
107	Construction Work in Progress		215,457	494,580	573,263

There were no abatements during the three years ending December 31, 2016 or the test year. See Question No. 147 for property tax refunds.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 146

Responding Witness: Christopher M. Garrett

- Q-146. List all amounts of property taxes under dispute at December 31, 2016, and indicate the tax year and the taxing district to which each relates.
- A-146. As of December 31, 2016, the Company had no property taxes under dispute.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 147

Responding Witness: Christopher M. Garrett

- Q-147. List all property tax refunds, by geographical area and taxing authority, by year, received in the most recent three years through 2016.
- A-147. No property tax refunds were received by KU in years 2014 through 2016.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 148

Responding Witness: Christopher M. Garrett

- Q-148. State whether any settlements, penalties or interest resulting from audits by taxing authorities are included in expense per books in the test year either as incurred by the Company or as charged to KU by an affiliate. If so, provide full details including the periods and issues resolved, the dollar amounts of settlement by issue, the taxing authority penalty or interest by issue, the taxing authority involved, the date of settlement, the current status of the payment, and the final resolution of the matter or status of the protest if unresolved.
- A-148. There have been no settlements, penalties or interest resulting from audits by taxing authorities included in the forecasted test year.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 149

Responding Witness: John J. Spanos

- Q-149. Provide hard copies of all workpapers underlying the Depreciation Study. Provide Excel files for all portions of the Depreciation Study that were prepared using Excel.
- A-149. All workpapers have been supplied electronically underlying the Depreciation Study. All Excel files have been supplied electronically in Excel format.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 150

Responding Witness: John J. Spanos

- Q-150. Provide all notes taken during any meetings or site visits regarding the depreciation study. Identify by name and title all KU personnel who provided the information, and explain the extent of their participation and the information they provided.
- A-150. The attached document sets forth notes taken during meetings regarding the depreciation study.

LSB/KU GENERATION MTO

9-29-15

10:00 A.M.

① BROWN + MILLCREEK WILL BE IMPACTED BY
CLEAN POWER PLAN

② TIME LINE → ≅ END OF 2017 (CLEAN POWER PLAN)

③ ACCELERATE DEPR ON BROWN
UNITS (BY 2022)

* ④ TARGET IS TO KNOW RET. DATES BY MID-NOVEMBER 2015

⑤ 2 SCENARIOS

① BASED ON TEMP AND ? (USPOD) → NO EARLY RETS (BUSINESS AS USUAL)

② BROWN GONE w/ CLEAN POWER PLAN → ACCELERATE BROWN 2022

⑥ SECONDARY CTS

a.) LOOKING INTO TO DETERMINES ANY IMPACT AS A
RESULT OF CLEAN POWER PLAN?

→ NO PLAN AT CURRENT TIME

→ USED INFREQUENTLY ON PEAK DAYS

→ BROWN 6 + 7 DISPATCHED LAST

↳ UNITS SHOULD HAVE SHORTER LIFE

≅ 2030 OR SHORTER

*

LGE/KU

GENERATOR MEETING

12/8/15 4:00

CONTINUE PLAN OF LAST STUDY EXPECT A FEW LOCATIONS

GENERATOR PLANS / MONITOR LARGER LIFE

SIMPLE CYCLE WOULD BE IN SIMILAR OPERATIONAL PATTERNS

PLANT 6 & 7 HAVE HIGH OVERHEAD COSTS SO NOT USED AS MUCH

DIX DATE - CONSISTENT W/ LAST TIME - NO FERC LICENSE

OHIO RULES - SIMILAR TO LICENSE DATE

ENVIRONMENTAL ASSES - 25 TO 30 YRS

LIFE OF FACILITY DEPENDS BY GENERATOR AND BOILER

HOURS AND STRESS BIG DRIVER OF LIFE

INCLUDES DOWN TIME

GENERATOR - SUSPECTED PROBLEMS

BOILER DOWN A BIG COMPONENT WHICH IS DIFFICULT TO REPAIR DUE TO LOCATION

PRODDY PLAN AND CAME PLAN II - NOT EFFICIENT AND COST EFFECTIVE

NEED QUICK START UNITS AND THESE ONLY NEEDS UNTIL NEW UNITS BUILT

- QUICK START APPROVED BUT NOT MOVING TO IMPLEMENT YET

HAPPENING AND ZONE SIMILAR TO CAME PLAN 7 AND PRODDY'S PLAN

PLANT UNIT 1+2 HAVE ISSUES RELATION TO GENERATOR AND OTHER THINGS SO SHORTER LIFE

LGE/KU

PLEASE ADVISE

- STUDY - 12/31/15 (Final Report due) to be filed June 2016

Rate Year 6 (2017) = July 2017

Done April 2016

- ECR Plant Funds CR rules for lowest AS₁ load cost

- File in Oct. 2015

- Ret. rules of Load Rules

- Grand River License Renegotiated

11/2015

Alternatives to increases for Toronto No. 10425

Am. AS₁ load recoverable over 10425

- FT4 STUDY

Data by mid Sept

Site visits in Oct

Regional Allocation by Nov.

2015 Data by early February

HT4 Study by April 2016

FT4 in April, File by Sept 2016

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 151

Responding Witness: John J. Spanos

Q-151. Identify all plant tours taken during the preparation of the Depreciation Study.

- a. Identify those in attendance and their titles and job descriptions.
- b. Provide all conversation notes taken during the tour.
- c. Provide all photographs and images taken during the tour.

A-151. a) The following personnel were in attendance during the site visits in preparation of this Depreciation Study.

<u>Name</u>	<u>Title</u>
John J. Spanos	Sr. Vice President
Sara Wiseman	
Eric Riggs	
Ed Clark	
Sam Carr	
Kenneth Hill	
Alex Betz	
Tim Harrison	
Bill Erye	

b-c) The attached document sets forth the notes and photos taken during the site visits.

Generation + Construction 12/00 Policy + Scott Stewart

All Core Units Have Scrubbers

no fees in Plans

But could put a fee on each unit at time change

Plans may be returned in 2022

Effluent Limitations A Problem At All 4-Units

Are long a concern

even low in football fields - limit w/ compare

95% to 100%

- some cost to make lower

650M effluent water construction

All Drained At CER Plan

Plant Shutdown will require 2 CCGT Plants

TC Landfill Another Big Project

2 - CCGTs are 100% in next 20 yrs

if Brown Project then been done at 2022

No Simple Cross connections / interconnections to CCGT

Some used as backup

Brand 6x7 and likely to go out soon

Transmission

Trans Reliability Plan - focus on increasing major Reliability

-2017

will see more steel poles

Distribution

N-1 = Additional Requirements for Substations - some new stations or existing substations

Automation Smart Grid / Distribution Systems

A LOT OF POWER REPLACEMENT DUE TO SHUTDOWN OF GOOGLE SYSTEM

SHOULD BE AT LEAST 10,000 PONES

WILL REPLACE PONES AND POWER RACK AT NO COST (GOOGLE TO CONTRIBUTE)

GAS MAIN REPLACEMENT + POWER PROBLEMS END OF 2017

TRILING TO INTEGRATE WEST AND EAST SYSTEMS

PLANS TO UPDATE U/G STORAGE FACILITIES

UTIL FOCUS AND DIX DATA - SHOULD SEE A LOT OF RENOV

INCREASE CAPACITY

F-10 MW UNIT \Rightarrow 125 MW

ALL SERVICE RISERS CONSIDER ABOVE GROUND

COULD SEE SOME SERVICE CENTER CONSOLIDATION

NO NEW SERVICE CENTERS TO BE BUILT

FLEET ASSETS MAY BE LEASED/OWNED

AUBURNDALE SERVICE CENTER: 95' Paul Jackson

① Garage

② Vehicle Canopies

③ EV Charging Station

④ Warehouse

Office Remodeled

New Gas Distribution on 2nd Floor

New Roof

2nd Floor - City Dispatch + Fire Alarm Dept

⑤ Storeroom - Gas + Electric

Mech Shop

Lawson Equipment Shop

1970s Construction

Large Yard

PENILE CITY GATE STATION / CANE RUN CITY GATE STATION 2:30 Mike Collins

Original Penile City Gate

CANE RUN ADDED WHEN UNIT 7 ADDED

Result Penile City - 2013

Original - 1960s

⑥ Separators and Odorant

⑦ Meters

⑧ Regulatory Building

700 lbs ⇒ 420 lbs

RTUS Operator Downtown

Multi-Facet Station

⑨ L. Lumber on Site

⑩ Regulator Lines - Buried

⑪ " - Mapped

GAS
WAS GASFLOW. P. REC'D ON SITE

CAME AND STATION - 2014 CONSTRUCTION

SMALL RTU BUILDING

(11) OBOYER TANK AND PIPING/VALVE

Rig LAUNCHER

(12) RTU BUILDING AND CONTROL CABINET

BLENDED LINE REGULATING STATION 3:15

REPORT IN 2011

2015

GOING TO PADDY UNIT 3

LINE GOING TO WATER CONTROL LINE (150 lbs)

(13) REGULATOR

RTU BUILDING AND CONTROL

CAME AND 7 HAS VALVE OFF SITE - 2014

(14) CAME AND 7 REGULATOR AND VALVE (ACT 34)

ST. HELENS REGULATING STATION 3:50

(15) REGULATOR BUILDING

(16) REGULATOR BODY (2)

FOOD TO BE REPORT - 2014

(17) RIG LAUNCHER

SMALL CONTROL

100 lbs \Rightarrow 50 lbs

CONSTRUCTION

NEW ACTUATOR PUT ON IN 2010

Attachment to Response to AG-1 Question No. 151

Tyrone

Organization	Project	Bud Description	2011	2012	2013	2014	2015	Total
Brown Steam								
Organization	Project	Bud Description	2011	2012	2013	2014	2015	Total
016220	131243	Brown 1,3,FGD, LS - NERC CS IA	\$546,721	\$0	\$0	\$0	\$0	\$546,721
016220	133088	BR FGD Agitator Repl 16	\$0	\$0	\$0	\$0	\$550,000	\$550,000
016220	132584	BR1 SS OHDR Repl 12	\$285,818	\$265,990	\$0	\$0	\$0	\$551,808
016220	142770	BR3-2 BFPT Blade Repl	\$0	\$0	\$574,811	(\$711)	(\$1,398)	\$572,702
016220	124282	BR1 IR & IK Sootblower Repl 12	\$585,871	\$3,240	\$0	\$0	\$0	\$589,111
016220	BOFFEXP11	BR Office Expansion/Renovation	\$315,126	\$284,331	\$0	\$0	\$0	\$599,457
016220	137194	BR Guard Building Replacement	\$0	\$0	\$501,594	\$127,275	\$0	\$628,869
016220	124280	BR2 E Heater Repl 11	\$633,590	\$0	\$0	\$0	\$0	\$633,590
016220	126062	BR1 Primry SH Top Bank Repl	\$0	\$0	\$0	\$328,169	\$316,913	\$645,082
016220	133907	BR3 IP Blade Repl 12	\$0	\$660,411	\$0	\$0	\$0	\$660,411
016220	126069	BR3-4 Pulv Gearbox Rebl 12	\$207,300	\$451,429	\$3,709	\$0	\$0	\$662,438
016220	149862	BR3 Turbine Valve Upgrade	\$0	\$0	\$0	\$0	\$699,816	\$699,816
016220	137179	BR2 SH Platen Repl	\$0	\$0	\$210,682	\$546,517	(\$6,129)	\$751,070
016220	133895	BR3 CWP Overhaul	\$0	\$50,872	\$289,334	\$452,627	\$0	\$792,833
016220	140375	BR3 Spare HWRS Pump	\$0	\$0	\$393,902	\$0	\$403,583	\$797,485
016220	140396	BR2 Turbine Valve Fasteners	\$0	\$0	\$0	\$816,581	\$4,594	\$821,175
016220	139932	BR3 Burner Nozzle Retrofit	\$0	\$0	\$846,121	\$5,221	\$0	\$851,342
016220	137185	BR1 Econ & Hdr Repl	\$0	\$0	\$0	\$461,858	\$562,484	\$1,024,342
016220	133940	BR Software Upgr - Windows 7	\$0	\$0	\$823,264	\$221,196	\$130	\$1,044,590
016220	140395	BR1 Turbine Blading	\$0	\$0	\$0	\$466,359	\$822,248	\$1,288,607
016220	139669	BR1&2 Mercury Mitigation Syst	\$0	\$0	\$1,984,548	\$387,946	\$71,873	\$2,444,367
016220	124212	BR3 Primary SH Repl 12	\$1,081,155	\$1,445,387	(\$12,628)	\$0	\$0	\$2,513,914
016220	133939	BR3 SCR Catalyst	\$0	\$0	\$0	\$511,409	\$2,011,432	\$2,522,841
016220	144455	BR3 Burner Corner Panels	\$0	\$0	\$0	\$0	\$2,839,836	\$2,839,836
016220	124249	BR2 Controls Repl 10&11	\$2,884,055	\$5,676	\$0	\$0	\$0	\$2,889,731
016220	133938	BR1 Cooling Tower Rebuild	\$0	\$0	\$0	\$1,308,694	\$1,961,254	\$3,269,948
016220	124288	BR3 Generator Rewind 13	\$5,710,020	\$9,991,390	(\$92,034)	\$0	\$0	\$15,609,376

Brown Combustion Turbines

Organization	Project	Bud Description	2011	2012	2013	2014	2015	Total
016300	123871	BRCT8 HGC Recond 11-12	\$714,046	\$0	\$81,679	\$0	\$0	\$795,725
016300	138357	BRCT GT24 Fuel Flexibility KU	\$0	\$0	\$1,077,307	(\$49,712)	(\$2,616)	\$1,024,979
016300	139117	BRCT11 Rotor Heat Shield Repl	\$0	\$0	\$1,138,659	\$0	\$0	\$1,138,659
016300	123909	BRCT 11N2 Controls Upgr 11-12	\$0	\$1,569,067	\$8,402	\$0	\$0	\$1,577,469
016300	123908	BRCT9 Parts Recond 12-13	\$0	\$0	\$0	\$1,360,638	\$1,279,412	\$2,640,050
016300	123910	BRCT10 C Inspection 12-13	\$0	\$0	\$0	\$1,084,252	\$4,567,640	\$5,651,892
016300	123907	BRCT9 C Inspection 12-13	\$0	\$1,444,294	\$6,398,026	(\$23,955)	\$0	\$7,818,365

Dix Dam

Organization	Project	Bud Description	2011	2012	2013	2014	2015	Total
016910	120418	DX2 JOHNSON VLV REFURB 11	\$644,491	\$258,234	\$0	\$0	\$0	\$902,725
016910	144435	DX Building Refurbishment	\$0	\$0	\$0	\$0	\$1,999,769	\$1,999,769
016910	124213	DX2 Overhaul 11	\$3,988,948	\$423,186	\$0	\$0	\$0	\$4,412,134
016910	122086	DX1 OVERHAUL 11-12	\$1,665,783	\$2,924,099	\$558,683	\$15,068	\$0	\$5,163,633
016910	126823	DX Dam Leakage Remediation	\$8,381,514	(\$1,777)	\$0	\$0	\$0	\$8,379,737

Haefling

Organization	Project	Bud Description	2011	2012	2013	2014	2015	Total
016930	124202HF	HF CT Recontrol	\$876,350	\$0	\$0	\$0	\$0	\$876,350

Brown Condensation System P-30 Dam Case, Bill Egan

MAJOR OVERHAUL CYCLES

Recharge for Unit 3.

CERT is for entire plant

UNIT 1 Cooling Tower Retrofit - 2015

Mercury Mitigation System Upgrade

Load Reduction Since Case Nov 7

CONDENSATE RETURN to Unit 1 & 2

Prognosis Reduction Program UNITS 1 + 3 - 2016

CATALYST Change Out - Unit 3

FGD Improvements - 2017

Building New Office for CT Site > \$500,000

Building new Change Facility

Plumming Required - Unit 3 - 2019

Brown 3 MAJOR OVERHAUL - 2018/2019

Costs may be used for water treatment at CT Site

Dix Dam Powerhouse Being Refurbished - 2015

Masterplan Unit 3 - Retired

Took 1/3 cost from location

See CATALYST - HOUNGARD Related with Note - 2 LATER

2016 2nd Later to be added

● New Control Tower - UNIT 1

12 UNIT 1 + 2

13 UNIT 3 TURNING

14 UNIT 3 LOCAL FEEDERS

15 PARTICIPATION (BASIC DOMESTIC)

16 BATHING

17 CORRIDOR + LINE SILENCE

18 SCISSOR

19 AIR EXHAUST / ID FAN TO BAGHOUSE

20 CERT PARTICIPATION AND FUTURE SILENCE

As Proposed

FUTURE POND LEVELS ORIGINAL POND

● NEW LANDFILL BELL CONSTRUCTED

21 AMMONIA AND WATER SYSTEM

22 BATHING FEED PUMPS

23 PULVERIZERS - UNIT 1

24 BROWN CTS

Higby Main Substation 10:45● Recess

69KV, 138KV, 12KV

(25) Relays

2 TRANSMISSION, 1 DATA CENTER

UPGRADED RELAYS 2011/2012

138KV ADDED 10 2012

ORIGINAL BUILT IN 1970S - 1970

New Central Building

(26) 138KV Breakers

(27) Central Building

(28) Computer Bank and IEC Breakers

(29) Oil Breakers and Transformers - 69KV + 138KV

(30) Transformer and Vacuum Breakers

Major upgrades 1994 and 2009

Toyota North Substation 12:10

(31) Oil Breakers and Transformers

1977 Constructed

(32) Vacuum Breakers - Data

Primary Transmission 140

(33) Potential Transformers

(34) Relays

UPGRADES IN 2006

(35) Central Building

Current Generation Station 2:15 Alex. Bete, Tim Harrison

4 UNITS

CCRT - Boston Agh List of values

Administration Block - New

3 Base Load Units 1, 2 & 4 installed

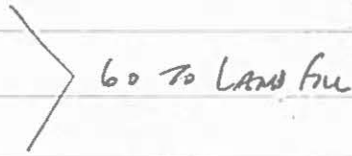
Unit 2 Being installed

CCRT - 3 sections

Fly Ash

Boston Agh

GRAVIM



Land fill New

Scrubbers - 2007 to 2010

Limestone Price Building - 2010

Changing feeders

Water Treatment Requirements - New ELG Assets

10-18 month cycle for overhauls

Base Load Units

Turned Overhauls on 7-8 year cycles

Expect a Phase III of Land fill (currently used 2 Phases in Service)

Building Coal Yard Locker Room

Feed Pump Turned on 10 year cycle

36 QUESTIONS PACT BLDG

37 UNIT 4 BLDG

38 1 of 6 REWORKING - UNIT 4

39 UNIT 3 TURBINE

ALL FOOD WASTE WASTEWATER REWORKING

OR 6 SUB-PROCESS - DONE BY 2015

NEW DCS FOR ALL 4 UNITS

UNIT 3-4 COMBINED CONTROL ROOM, SAME FOR UNITS 1 & 2

40 CERT FACILITY

41 UNIT 3 SCRAM

42 UNIT 1 SCRAM

43 UNIT 4 PRECIPITATION

44 UNIT 4 BLDG

45 UNIT 4 SCRAM

46 UNITS 1-3 STACKS

CERT WAREHOUSE TO BE BUILT

47 ADMIN BLDG

Mill Creek Generating Plant 7:30 Joe DiDolci, Kevin Jones

Gas Atomized Fuel

Max Steamout -

Expanding Unit 1 - 2015-2017

Catalyst Replacement - some replacement some new - 3-7 years

Rebuilding Coal Storage Silos

Coal Mill Gate Box upgrades

17 miles for 4 units - 10 yr process to upgrade

Unit 4 has 5 miles

Unit 4 outage - 2019 Cooling Tower Silage

Unit 1 Electromotor Relates - Original 1998 - 2015

A lot of boiler work - Renovation and Boiler Tubes - 2013-2015 Unit 1

Unit 4 work on Renovation - 2015

Unit 3 & 4 - Low NOx Burner upgrades - first pot up in 2000

New Turbine Controls All Units - Mark 6

2 New GSU Step Transformers - Unit 3 & 4 - 2014

3 New GSU Transformers - Units 1 & 2 - 2015

Generator Station Bays Renovated for 3 units

Turbine Blades and Bolts Renovated Renovated

7-yr overhaul cycle

Expenditure for Limestone Purchased - 2011

2 stacks still around for Spares, Unit 1 & 2 Spares Stack

Unit 4 Spares - 11/2014

Unit 2 " - 5/2015

Unit 1 " - 5/2015

Unit 3 " - 6/2016 will be completed

Potential Changes to Water Treatment

- UNIT 1 & 2 TURBINE
- 49 " " COAL FEEDER
- One Central Room - some VIBRATES 20.1
- Vibrates by water
- 50 Primary UNIT 3
- 51 Motor Driven Boiler Feed Pump
- 52 UNIT 4 CONDENSER
- 53 UNIT 1 SCRUBBER
- 54 UNIT 3 BALHOUSE
- 55 UNIT 2 ICE
- 56 UNIT 3 ICE
- 57 UNIT 2 COOLING TOWER + PERMITATION
- 58 INTAKE
- Intake Hangover off River - Air From Rooms
- 50% Come from Rail, 20% from
- 59 UNIT 4 SCRUBBER
- 60 Limestone Swart + UNIT 4 COOLING TOWER
- 61 Steam Driven Boiler Feed Pump - UNIT 3
- 62 Admin Bldg

Mill Creek / Riverbank Center 7:30

- 63 Office / Warehouse
- CLASS. FILES AS 101 AND 105 (INCL. IN OPERATIONS)
- 64 for OPERATIONS OF Mill Creek

CANE RUN UNIT 7 GENERATOR STARTED 10:00 Tim Haddock, Mark Laine

2016 TOUR

LTPA in place for CTS - just for GAS TURBINES

SCHEDULED OUTAGES

2017 First Construction Installation

1200 STAFFS on 14,000 HOURS - 518 BASE LEAVES 50 HOURS PER YEAR PER PERSON

STEAM TURBINE OUTAGES 25,000 HOURS

2 on 1 UNITS

UNITS 1-3 - BUILT 1980s

UNITS 4-6 - BUILT in 2015

UNIT 7 - GADWIN first operation 4/15/15

CAN RUN 100% on JUST CTS

SIEMENS PROVIDES CTS, STEAM POWER

VOLT MANUFACTURED 17456s

Water coming from River Intake

Added GAS LINE

BUILT 138KV SUBSTATION for CANE RUN UNIT 7

GAS PIPING (8 MILES) (LAWSON ROAD \Rightarrow CANE RUN ROAD) - TEXAS GAS SUPPLY
20" LINE.

GAS AND LOGISTICS in GENERATION ASSETS

COULD START UP 2 MAY 18 00, NOT START 1 MAY 30 00

12 START UPS since Oct. 1, 29 CYCLES TO 100%

AUGUST 2016

66 CHEMICAL TREATMENT

66 REVERSE OSMOSIS

67 FILTER UNITS (2)

68 WATER COLUMNS

69 1 of 2 GAS COMPRESSORS

70 HAZGAS

71 HURT EXHAUSTORS

72 GAS TURBINE

1381KV \Rightarrow 1395KV

73 AIR INLET

74 STEAM TURBINE BLDG

75 CONDENSATE PUMPS

76 CONDENSER

77 STEAM TURBINE

78 GAS COMPRESSOR / WATER TREATMENT BLDG

79 AUXILIARY BOILER

80 OFFICE

Ohio Falls Station Projects

- Construction of new admin building – 2011 thru 2012
- 480V upgrade to plant – 2012 thru 2013
- New Control Room – 2014
- New Trash Racks - 2013
- Unit rehabs
 1. 09-27-12 thru 06-09-14, (Unit went on forced outage several months before rehab due to a failure in the stator winding insulation).
 2. 01-30-13 thru 11-15-15 estimated, (Unit went on forced outage several months before rehab due to a failure in the lower turbine guide bearing and the inner head cover).
 3. 04-16-12 thru 07-12-13, (Unit was taken back off line on 09-29-14 at the request of the General Contractor due to a suspected runner design / installation error). Unit was released back to service on 03-02-15.
 4. 10-19-15, (Unit was just placed on outage). Estimated return to service 10-31-16.
 5. 07-05-11 thru 05-22-12, (Runner failed due to a design / installation error on 09-22-13). Unit was released back to service on 10-23-14.
 6. 2007
 7. 2006
 8. Rehab scheduled to begin in 10-16.

UNITED FAW HYDRO PLANT 12:40 Kelly Johnson

● New Admin Building

New Control Room and TRASH RACKS

8 UNITS

CONTINUOUS OUTAGES

UNITS FAILURE, UNIT 3 SIMILAR ISSUES

COULD BUILD A MAINTENANCE SHOP - 2011

2017 - PROPOSALS / TRASH REMOVAL START PROJECT

81 TRASH RACKS - SOON TO BE INSTALLED

82 POWERHOUSE

83 New Admin Bldg

84 Control Room

85 GENERATORS

● 10 MW \Rightarrow 125 MW UPGRADE

New GENERATORS

86 UNIT 7 GOVERNOR SYSTEM

87 OIL TANK / PIPE

88 UNIT 1 TURBINE SHAFT

CANAL SUBSTATION 1:30 Dan Fowler

138KV, 69KV + 14KV SUBSTATION

OLD STATION

89 138KV OIL BREAKERS

90 TRANSFORMER - 138KV \Rightarrow 69KV

91 69KV OIL BREAKERS

92 14KV BREAKERS

● CONTROL BUILDING

94 RELAYS

LG&E & KU SERVICES

Account 311, Structures & Improvements

October 19-21, 2015



Units 1 & 2 at Brown Generating Station



Limestone Prep Building at Ghent Generating Station

LG&E & KU SERVICES

Account 311, Structures & Improvements

October 19-21, 2015



Unit 4 Boiler at Ghent Generating Station



Administration Building at Ghent Generating Station

LG&E & KU SERVICES

Account 311, Structures & Improvements

October 19-21, 2015



Intake at Mill Creek Generating Station



Administration Building at Mill Creek Generating Station

LG&E & KU SERVICES

Account 311, Structures & Improvements

October 19-21, 2015



Office/Warehouse at Mill Creek/Riverfront Center

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



New Unit 1 Cooling Tower at Brown Generating Station



Unit 3 Coal Feeders at Brown Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Precipitator (being demolished) at Brown Generating Station



Baghouse at Brown Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Carbon and Lime Silos at Brown Generating Station



Scrubber at Brown Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Air Exhaust/ID Fan at Brown Generating Station



CCRT Building and Flyash Silos at Brown Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Ammonia and Water System at Brown Generating Station



Boiler Feed Pumps at Brown Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Unit 1 Pulverizers at Brown Generating Station



Pulverizers Unit 4 at Ghent Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



CCRT facility at Ghent Generating Station



Unit 3 Scrubber at Ghent Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Unit 1 Scrubber at Ghent Generating Scrubber



Unit 4 Precipitator at Ghent Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Unit 4 Baghouse at Ghent Generating Station



Unit 4 Scrubber at Ghent Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Units 1-3 Stacks at Ghent Generating Station



Coal Feeders at Mill Creek Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Unit 3 Pulverizers at Mill Creek Generating Station

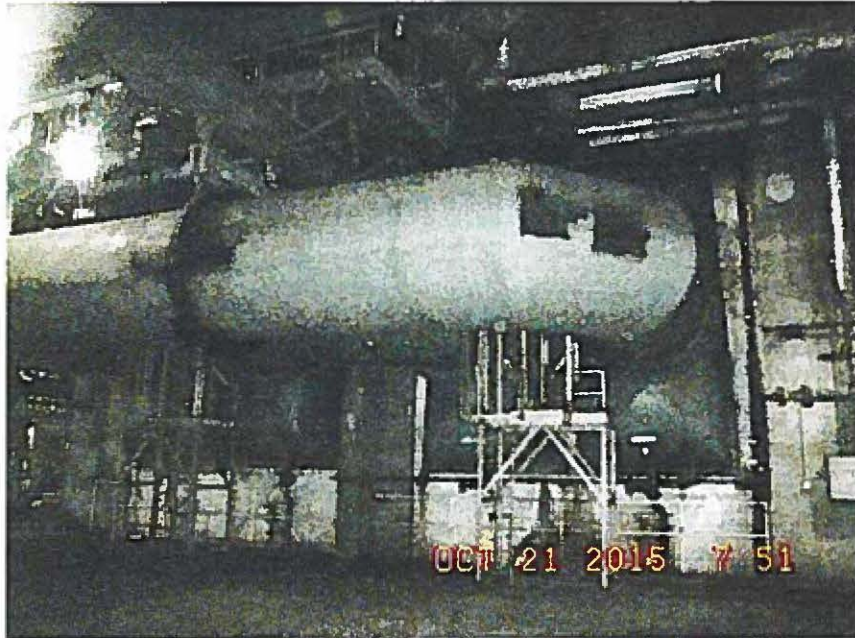


Boiler Feed Pump at Mill Creek Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Unit 4 Condenser at Mill Creek Generating Station



Stacks at Mill Creek Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Unit 1 Scrubber at Mill Creek Generating Station



Unit 3 Baghouse at Mill Creek Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Unit 2 SCR at Mill Creek Generating Station



Unit 3 SCR at Mill Creek Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Unit 2 Cooling Tower and Precipitator at Mill Creek Generating Station



Unit 4 Scrubber at Mill Creek Generating Station

LG&E & KU SERVICES

Account 312, Boiler Plant Equipment

October 19-21, 2015



Limestone Slurry and Unit 4 Cooling Tower at Mill Creek Generating Station



Steam Driven Boiler Feed Pump (Unit 3) at Mill Creek Generating Station

LG&E & KU SERVICES

Account 314, Turbogenerator Units

October 19-21, 2015



Unit 3 Turbine at Brown Generating Station



Unit 3 Turbine at Ghent Generating Station

LG&E & KU SERVICES

Account 314, Turbogenerator Units

October 19-21, 2015

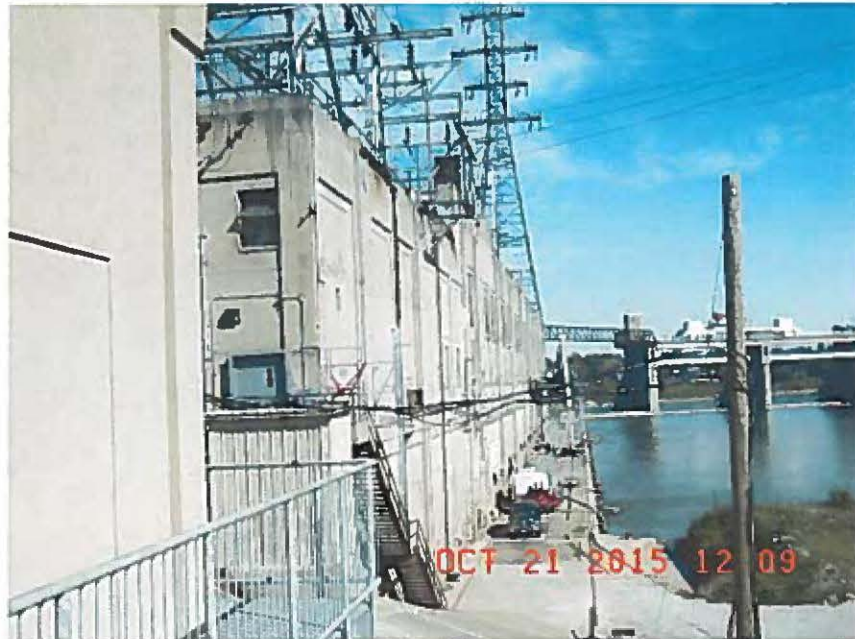


Units 1 & 2 Turbines at Mill Creek Generating Station

LG&E & KU SERVICES

Account 331, Structures & Improvements

October 19-21, 2015



Powerhouse at Ohio Falls Hydro Station



New Administration Building at Ohio Falls Hydro Plant

LG&E & KU SERVICES

Account 332, Reservoirs, Dams & Waterway

October 19-21, 2015



Trash Racks (soon to be installed) at Ohio Falls Hydro Station

LG&E & KU SERVICES

Account 333, Water Wheels, Turbines & Generators

October 19-21, 2015



Generators at Ohio Falls Hydro Plant



Unit 7 Governor System at Ohio Falls Hydro Plant

LG&E & KU SERVICES

Account 333, Water Wheels, Turbines & Generators

October 19-21, 2015



Oil Tank and Pump at Ohio Falls Hydro Plant



Unit 1 Turbine Shaft at Ohio Falls Hydro Plant

LG&E & KU SERVICES

Account 334, Accessory Electric Equipment

October 19-21, 2015



Control Room at Ohio Falls Hydro Plant

LG&E & KU SERVICES

Account 341, Structures & Improvements

October 19-21, 2015



Brown CTs

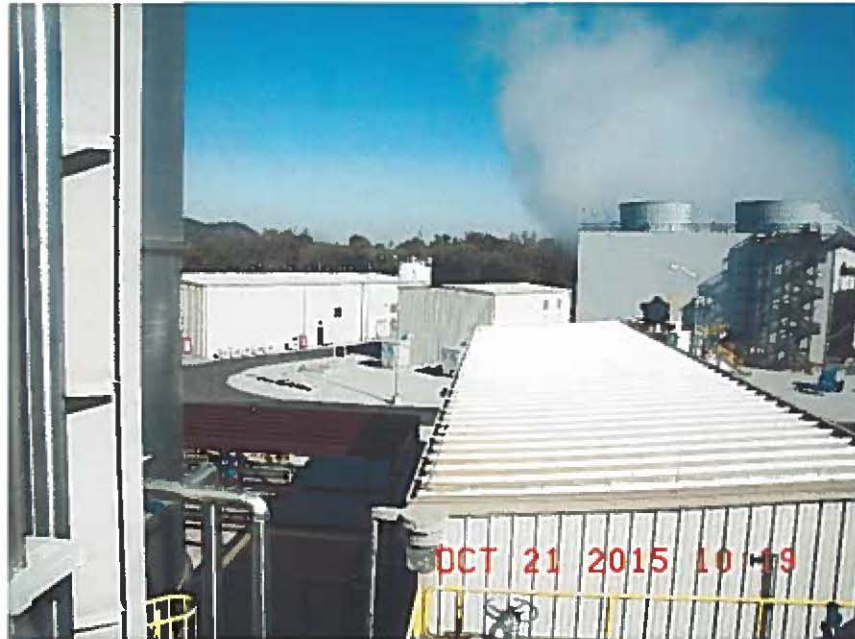


Steam Turbine Building at Cane Run Unit 7

LG&E & KU SERVICES

Account 341, Structures & Improvements

October 19-21, 2015



Gas Compressor and Water Treatment Buildings at Cane Run Unit 7



Office at Cane Run Unit 7 Generating Station

LG&E & KU SERVICES

Account 343, Prime Movers

October 19-21, 2015



Cooling Tower at Cane Run Unit 7 Generating Station



Gas Compressors at Cane Run Unit 7 Generating Station

LG&E & KU SERVICES

Account 343, Prime Movers

October 19-21, 2015



HRSGs at Cane Run Unit 7 Generating Station



Heat Exchangers at Cane Run Unit 7 Generating Station

LG&E & KU SERVICES

Account 343, Prime Movers

October 19-21, 2015



Auxiliary Boiler at Cane Run Unit 7 Generating Station

LG&E & KU SERVICES

Account 344, Generators

October 19-21, 2015



Gas Turbine at Cane Run Unit 7



Air Inlet at Cane Run Unit 7 Generating Station

LG&E & KU SERVICES

Account 344, Generators

October 19-21, 2015



Condensate Pumps at Cane Run Unit 7



Condenser at Cane Run Unit 7

LG&E & KU SERVICES

Account 344, Generators

October 19-21, 2015



Steam Turbine at Cane Run Unit 7 Generating Station

LG&E & KU SERVICES

Account 346, Miscellaneous Plant Equipment

October 19-21, 2015



(Electric) Cane Run 7 Regulator and Valve Next to Blanton Lane Station



Chemical Treatment at Cane Run Unit 7

LG&E & KU SERVICES

Account 346, Miscellaneous Plant Equipment

October 19-21, 2015



Reverse Osmosis at Cane Run Unit 7



Filter Press (2) at Cane Run Unit 7

LG&E & KU SERVICES

Account 346, Miscellaneous Plant Equipment

October 19-21, 2015



Water Clarifiers at Cane Run Unit 7

LG&E & KU SERVICES

Account 352, Structures & Improvements

October 19-21, 2015



Control Building at Higby Mill Substation



Control Building at Toyota North Substation

LG&E & KU SERVICES

Account 352, Structures & Improvements

October 19-21, 2015

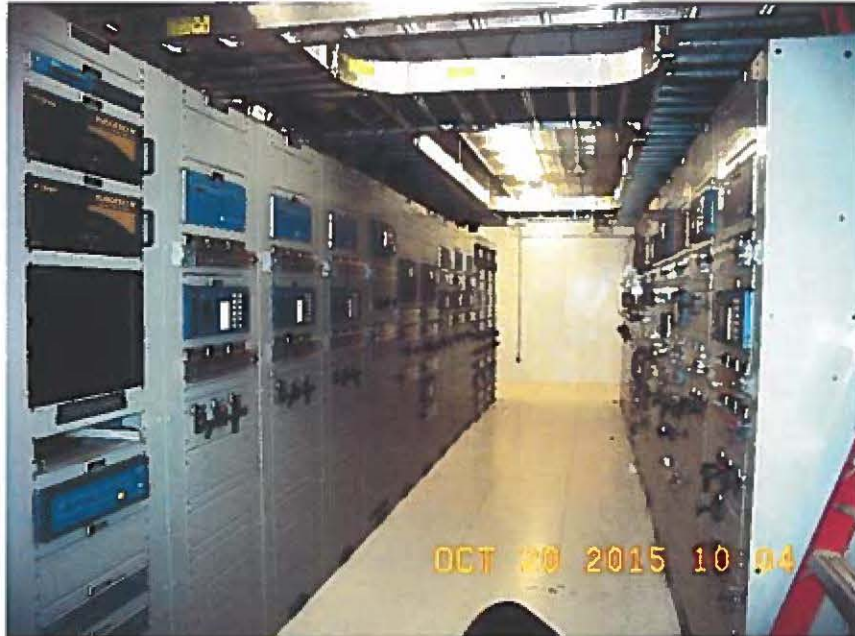


Control Building at Canal Substation

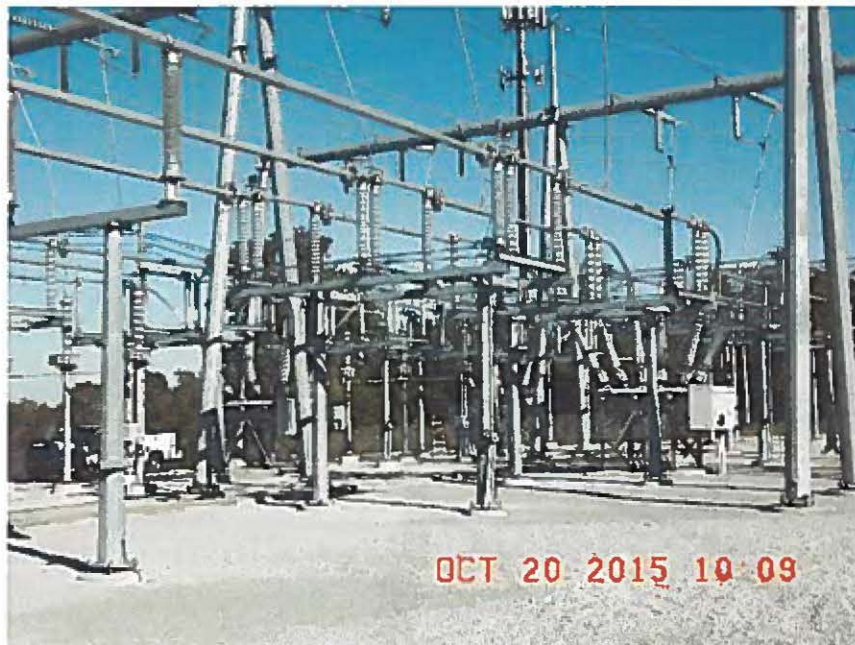
LG&E & KU SERVICES

Account 353, Station Equipment

October 19-21, 2015



Relays at Higby Mill Substation



138KV Breakers at Higby Mill Substation

LG&E & KU SERVICES

Account 353, Station Equipment

October 19-21, 2015



Capacitor Bank and SF₆ Breakers at Higby Mill Substation



Oil Breakers and Transformers at Higby Mill Substation

LG&E & KU SERVICES

Account 353, Station Equipment

October 19-21, 2015



Oil Breakers and Transformer at Toyota North Substation



Potential Transformers at Toyota North Substation

LG&E & KU SERVICES

Account 353, Station Equipment

October 19-21, 2015



Relays at Toyota North Substation



138KV Oil Breakers at Canal Substation

LG&E & KU SERVICES

Account 353, Station Equipment

October 19-21, 2015



Transformer at Canal Substation



69KV Oil Breakers at Canal Substation

LG&E & KU SERVICES

Account 353, Station Equipment

October 19-21, 2015



Relays at Canal Substation

LG&E & KU SERVICES

Account 362, Station Equipment

October 19-21, 2015



Transformer and Vacuum Breakers at Higby Mill Substation



Vacuum Breakers at Toyota North Substation

LG&E & KU SERVICES

Account 362, Station Equipment

October 19-21, 2015



14KV Breakers at Canal Substation

LG&E & KU SERVICES

Account 375, Structures and Improvements

October 19-21, 2015



Regulator Building at Penile City Gate Station



Regulator Building at St. Helens Regulator Station

LG&E & KU SERVICES

Account 378, Measuring & Regulating Station Equip.

October 19-21, 2015



Regulator at Blanton Lane Regulator Station



Regulator Runs at St. Helens Regulator Station

LG&E & KU SERVICES

Account 378, Measuring & Regulating Station Equip.

October 19-21, 2015



Pig Launch at St. Helens Regulator Station

LG&E & KU SERVICES

Account 378, Meas. & Reg. Station Equip.-City Gate

October 19-21, 2015



Separator and Odorant at Penile City Gate Station



Heaters at Penile City Gate Station

LG&E & KU SERVICES

Account 379, Meas. & Reg. Station Equip.-City Gate

October 19-21, 2015



Regulator Runs at Penile City Gate Station



Regulator Runs at Penile City Gate Station

LG&E & KU SERVICES

Account 379, Meas. & Reg. Station Equip.-City Gate

October 19-21, 2015



Odorant Tank and Piping at Cane Run City Gate Station



RTU Building and Kohler Generator at Cane Run City Gate Station

LG&E & KU SERVICES

Account 390, Structures & Improvements

October 19-21, 2015



Garage at Auburndale Service Center



Vehicle Canopy at Auburndale Service Center

LG&E & KU SERVICES

Account 390, Structures & Improvements

October 19-21, 2015



EU Charging Station at Auburndale Service Center



Warehouse at Auburndale Service Center

LG&E & KU SERVICES

Account 390, Structures & Improvements

October 19-21, 2015



Storeroom at Auburndale Service Center

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 152

Responding Witness: John J. Spanos

- Q-152. Regarding the current and proposed depreciation rates:
- a. How are the depreciation rates currently in use calculated?
 - b. Provide the details of KU's current depreciation rates in electronic format (Excel), with all formulae intact, including (1) Plant Balances, (2) Accumulated Depreciation, (3) Net Plant, (4) Cost of Removal/Salvage, (5) Remaining Useful Life, (6) Annual Accrual, (7) Depreciation Ratio, etc.
- A-152.
- a. The depreciation rates currently in use are calculated using the straight line method, average service life procedure and remaining life basis.
 - b. Given the fact that depreciation rates are affected by multiple factors which change as surviving age of plant changes and the reserve to plant ratio changes over time and the calculation date changes, it is not possible to provide the information requested. However, the life and net salvage parameters requested which were utilized to produce the current rates are set forth in response to Question No. 198.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 153

Responding Witness: John J. Spanos

- Q-153. Does the Company's depreciation study include any adjustment or calculation to amortize the variance between the book depreciation reserve and the calculated accrued depreciation?
- a. If so, provide that calculation in electronic (Excel) format with all formulae intact. If not, explain fully why not.
 - b. Based on the Company's calculations, does KU have a reserve excess or deficiency?
 - c. Is KU proposing any amortization of any reserve imbalance? If yes, explain where that is shown in his study and also in the Company's revenue requirement filing.
- A-153. a. The remaining life method calculates the variance between the book depreciation reserve and the calculated accrued depreciation in its development of the rates. This is the standard practice across the United States.
- b. Reserve excess or deficiencies are different for every account and addressed in the development of the rate over the remaining life for each account.
 - c. There is no need for any amortization of a reserve imbalance when using the remaining life technique.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 154

Responding Witness: Valerie L. Scott

- Q-154. Provide all internal and external audit reports, management letters, consultants' reports, etc. which address in any way, the Company's property accounting and/or depreciation practices.
- A-154. See Tab 49 of the Filing Requirements and the direct testimony and exhibits of John J. Spanos for consultants' reports surrounding the Company's property accounting and depreciation practices. In Case No. 2015-00355, the Commission approved a depreciation rate for Electric Vehicle Charging Stations. The final Order approving the depreciation rate and all related case documents can be found at http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?case=2015-00355. In Case No. 2016-00063, the Commission approved depreciation rates for the Brown Solar Facility. The final Order approving the depreciation rates and all related case documents can be found at http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?case=2016-00063. No internal audit reports, external audit reports or management letters have been received related to the Company's property accounting or depreciation practices.

KENTUCKY UTILITIES COMPANY

CASE NO. 2016-00370

**Response to Attorney General's Initial Data Requests for Information
Dated January 11, 2017**

Question No. 155

Responding Witness: Valerie L. Scott

- Q-155. Provide copies of all Board of Director's minutes and internal management meeting minutes in which the subject of the Company's depreciation rates or retirement unit costs was discussed.
- A-155. The Company has no Board of Director's minutes or internal management meeting minutes in which the subject of the Company's depreciation rates or retirement unit costs was discussed.